

JPRS 84190

25 August 1983

West Europe Report

No. 2194

FBIS

FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

25 August 1983

WEST EUROPE REPORT

No. 2194

CONTENTS

THEATER FORCES

DENMARK

- Socialist Organ Urges Serious Consideration of 'Zone' Plan
(Editorial; AKTUELT, 28 Jul 83)..... 1

FEDERAL REPUBLIC OF GERMANY

- U.S., FRG Differences on Geneva Negotiations Seen
(C. Count Brockdorff; DIE WELT, 29 Jul 83)..... 2

TERRORISM

PORTUGAL

- Multi-Sided Aspects of Intelligence Service Creation
(O JORNAL, 5 Aug 83)..... 5

Nonmilitary, Nonpartisan Plan, by Manuel Beca Murias
Pros and Cons
Past Planning
Foreign Secret Services' Operations

SPAIN

- Police To Acquire 9-MM Parabellums in Anti-ETA War
(EL ALCAZAR, 17 Jul 83)..... 10
- Evidence of ETA-Monitored Police Communications
(DIARIO 16, 16 Jul 83)..... 11

TURKEY

Barlas Demands End to All Relations With France (Mehmet Barlas; MILLIYET, 18 Jul 83).....	13
Armenian Terrorism Seen as Threat to Territorial Sovereignty (Haluk Ulman; DUNYA, 18 Jul 83).....	15
Balci Sees Victory Over Terrorism in National Development (Ergun Balci; CUMHURIYET, 18 Jul 83).....	17
Armenian Terrorism Alert in Wake of Orly Incident (CUMHURIYET, 18 Jul 83).....	19

ECONOMIC

DENMARK

Higher Wage Costs Expected To Hurt Foreign Competitiveness (Frank Dahlgaard; BERLINGSKE TIDENDE, 29 Jul 83).....	21
Number of Business Bankruptcies Drops in First Half of 1983 (Henrik Heie; INFORMATION, 27 Jul 83).....	25
New High Technology Industries Struggle To Gain Exports (Henrik Heie; INFORMATION, 27 Jul 83).....	26

GREECE

Drachma Linkage With Dollar Abolished; Devaluation Planned (I KATHIMERINI, 3, 4 Aug 83).....	30
Measures Announced PASOK's Reported Ulterior Motives	

SPAIN

Continued Rise in Unemployment for June (YA, 12 Jul 83).....	35
CEO Warns Against Union, Management Destabilization (YA, 12 Jul 83).....	37

SWEDEN

Economist Submits 'Bourgeois Recipe' for Fund Operation (Sven-Ivan Sundqvist; DAGENS NYHETER, 21 Jul 83).....	39
--	----

Feldt Fears LO Wage Demands May Frustrate Inflation Fight (Anders Nordstrom; DAGENS NYHETER, Jul 83).....	41
--	----

TURKEY

Year of Kafaoglu Economic Policy Assessed (CUMHURIYET, 18 Jul 83).....	44
Tally of Mixed Success Ulagay on Kafaoglu Policy, by Osman Ulagay	
Prime Minister Interviewed on Labor, Unemployment (Bulend Ulusu Interview; CUMHURIYET, 18 Jul 83).....	48
Turk-Is To Alter Its Operating Principles (Isik Kansu; CUMHURIYET, 18 Jul 83).....	50

POLITICAL

GREECE

Psychology of Greek Ethos: Foibles, Political Shortcomings (I SIMERINI, 18 Jul 83).....	52
Biographic Data on Government Official K. Papoulas (TO VIMA TIS KYRIAKIS, 31 Jul 83).....	54

NORWAY

Conservative Party Again Forced To Retreat From Joining EC (AFTENPOSTEN, 30 Jul 83).....	56
EC Report Revived Opposition, by Alf Seeland Coalition Parties Opposed Stands of Parties Summarized	
Most Christian Party Voters Back New Chairman Bondevik (AFTENPOSTEN, 30 Jul 83).....	60

PORTUGAL

Presidential Elections Already Source of Speculation (EXPRESSO, 9 Jul 83, DIARIO DE NOTICIAS, 15 Jul 83).....	62
PS-PSD Agreement Foreseen Soares Candidacy Discussed, by Oscar Mascarenhas	

Biographies of New Government Personalities Summarized (O JORNAL, 9, 24 Jun 83, POVO LIVRE, 13, 16 Jul 83).....	67
--	----

Tito de Moraes, President of the Assembly of the Republic
 Manuel Soares da Costa, Minister of Agriculture
 Gaspar da Silva, Secretary of State for Foreign Affairs and Cooperation
 Alipio Dias, State Budget Director, by Cesario Borga
 Jose Anselmo Dias Rodrigues, Assistant Secretary of State to Minister of State Almeida Santos
 Horacio de Carvalho, Civil Governor of Faro
 Moura Guedes, Civil Governor of Lisbon
 Aires Querubim, Civil Governor of Vila Real
 Alvaro de Barros Marques de Figueiredo, Civil Governor of Viseu
 Jose Augusto Seabra, Minister of Education
 Soares Costa, Minister of Agriculture

SPAIN

Diplomatic Relations With Israel Possible by Late Summer 1983 (ABC, 20 Jul 83).....	80
Political Contacts, by Alberto Miguez Call for Immediate Relations, Editorial	
Problems Confronting PCE Analyzed (Julian Ariza Rico; MUNDO OBRERO, 1-7 Jul 83).....	84
Roca on Catalan Policy, Electoral Politics, Autonomy Status (Miquel Roca Interview; AVUI, 7 Jul 83).....	89

MILITARY

FRANCE

Briefs	
Matra Expands Signes Plant	93
Aeronautic Subcontractors Lose Business	93

NORWAY

Trained F-16 Pilots Leaving Air Force in Great Numbers (Svein A. Rohne; VERDENS GANG, 23 Jul 83).....	94
Bazan Shipyards Designing Ultramodern Frigates (Alfredo Florensa; EL ALCAZAR, 17 Jul 83).....	96

SWEDEN

Arms Industry Increases Exports, Awaits Large Order by India (Eva Hamilton, Kage Carlsson; 7 DAGAR, 15 Jul 83).....	99
Officer Urges Quicker Resort to Force To Defend Neutrality (Bo Hugemark; SVENSKA DAGBLADET, 8 Jul 83).....	102
More Details Reported on Sub-Commission Evidence, Sources (Roger Magnergard; SVENSKA DAGBLADET, 15 Jul 83).....	107
Briefs	
Conscientious Objectors' Number Stable	110
Arms Production Increases	110

OCEAN ISSUES

DENMARK

Socialist Newspaper Comments on Dispute With Sweden (Editorial; AKTUELT, 28 Jul 83).....	111
---	-----

SOCIALIST ORGAN URGES SERIOUS CONSIDERATION OF 'ZONE' PLAN

Copenhagen AKTUELT in Danish 28 Jul 83 p 8

[Editorial: "Nuclear-Free Nordic Countries"]

[Text] "Naturally there are limits to how much time we will spend on totally naive suggestions," said Foreign Minister Uffe Ellemann-Jensen (Liberal Party). That was the Danish foreign minister's immediate reaction to the report by a Swedish official about a nuclear weapon-free zone in the Nordic countries. And Ellemann-Jensen emphasized at the same time that a "thorough comment will be offered when we get the suggestion through the normal channels."

It would have of course been more clever if the Danish foreign minister had waited with his condescending reaction until he had seen the report, instead of dismissing it in advance.

It may be that the Swedish official's report, which--perhaps deliberately--was leaked out to the nonsocialist Swedish press, was built on "naive" and entirely unrealistic assumptions. But the entire question of a nuclear weapon-free zone and the limiting of the arms race is all too serious merely to be dismissed with depreciating observations by the minister at the wrong moment.

Negative reactions have also come from Norway and Finland, which apparently do not give the Swedish action much of a chance, unless it goes in as a part of a broader European agreement. But regardless that the report slipped out at the wrong moment, the question should seriously be taken up when the Nordic foreign ministers meet in Stockholm later in the year, and not just dismissed.

9287

CSO: 3613/168

THEATER FORCES

FEDERAL REPUBLIC OF GERMANY

U.S., FRG DIFFERENCES ON GENEVA NEGOTIATIONS SEEN

Bonn DIE WELT in German 29 Jul 83 p 3

[Article by C. Count Brockdorff]

[Text] Bonn's resorting to the "walk in the woods" formula showed that it miscalculated the U.S. position at the Geneva medium-range arms negotiations. A miscalculation the German embassy in Washington was apparently unable to prevent. An analysis.

Whenever it's getting critical, Bonn seems to get nervous. That was already the case under Helmut Schmidt. At first, his government made the greatest possible effort to convince the United States of the danger that, after an approximate balance of intercontinental weapons had been reached, a Soviet dominance in Europe could develop that could lead to separate conflicts. A lot of coaching was necessary from Bonn to convince the reluctant President Carter of Schmidt's visions.

But eventually it was successful, and the Americans invested several billions of dollars in the development of land-based cruise and Pershing II missiles. But then it noticed that Schmidt, in his public statements, seemed to slowly move away from the joint position. In the end, key Democrats and Republicans in Washington, depending on their temperaments, made sharp comments or helplessly shook their heads at the mere mentioning of Schmidt's name.

Is the new federal government pursuing a path that, in the end, would cause the same reactions? To say so, would be very wrong. Federal Chancellor Kohl has always proven to have a healthy intuition whenever he lacked the expertise to understand complex strategic issues. There is hardly any reason to believe that this intuition could leave him one day.

Nevertheless, it cannot go unnoticed that since their return from Moscow, Kohl and Foreign Minister Genscher have made statements that were the cause of irritation among the partners of the Alliance. This is primarily America's fault. The Atlantic Alliance reacts like a seismograph to vibrations in Bonn, or what are thought to be vibrations. The FRG is the strategic centerpiece of the Atlantic Pact in Europe. Therefore, nobody should be surprised at the sometimes touchy reactions.

No Brilliant Accomplishment of U.S. Diplomacy

It started when Foreign Minister Genscher mentioned the words "walk in the woods" which are taboo in the inner circles of the Washington administration. Kohl didn't follow him until a few days later. It doesn't make much difference in this context whether he did so by himself or in response to a question.

Surely, the result of the walk in the woods which the two Geneva negotiators Nitze and Kvizinski took last year was not a brilliant accomplishment of American diplomacy, just as any diplomatic action loses its luster if the actor is subsequently disavowed by his own government. That this wasn't obvious to everybody was due to the respect the American participant in the walk, Paul Nitze, enjoys. Nitze is something of an "elder statesman."

But Bonn should have known that. The formula they developed in the woods provided for each of the two sides to retain or, respectively, get 75 launching pads for SS-20 or cruise missiles. This solution deviated from the arms mix of Pershing II rockets and cruise missiles provided for in the NATO double agreement. The West was to be content with "slowpoke bombs" which would take hours to reach their target and which, if deployed, would have an extremely escalating effect. That was in contrast to the Pershing II which in line with NATO objectives is designed to be more flexible in containing conflicts. This is the reason why the compromise Nitze accepted without backing and at his own risk, didn't find any support in Washington.

No wonder that there are now speculations in the Alliance about why Bonn's foreign minister and chancellor nevertheless referred to the walk in the woods. Some observers believe the only explanation could be that the Soviets, through calculated disinformation, left Kohl and Genscher with the impression that a new Moscow-Washington agreement was in the making in Geneva. That, they believe, was the reason why the Germans started running. If this speculation is true, the Soviets have been able to pull off a classical coup.

Bonn Did Not Consult

But no matter how you look at it, there is really no excuse for the sudden public emphasis on the walk in the woods which was bound to

immediately give rise to speculation that the Pershing II had been abandoned. Before touching such a hot iron in public, one could have put out diplomatic feelers in Washington. That this didn't happen is an indication that Bonn misjudged the significance of the walk in the woods.

The winding paths of American politics are not always easy to understand. How are decisions made in Washington, who influences them? In this maze, only those are moving about with reasonable safety who thoroughly understand the American mentality, who know the American power structure and who are in perfect command of the language.

The walk in the woods is dead. Seldom in America has any formula been discarded with such determination, while still in its initial stages, as this one. There was really nobody of importance in Washington who would have been prepared to concede to the Soviets the monopoly in Europe for ballistic missiles. Meanwhile, Nitze, a not entirely uncontroversial man, knows that, too.

He is a very deserving politician whose patriotism is beyond doubt. He is treated with special respect. But he was denied the chance to become foreign or defense minister, positions he probably would have liked to have held. Hence, success in Geneva would have given him the satisfaction of other accomplishments that eluded him. Also, people in history occasionally identify so closely with their mission that they are in danger of appearing like missionaries. Nitze is certainly not the only one in the complex area of armament control who would like to succeed by every way possible in this area which unlike any other one causes so much concern among mankind.

The new federal government obviously hasn't looked at these problems in this context. That raises the question of how well the German embassy in Washington had informed Bonn of this issue. It is no secret that the German embassy in Washington has its weaknesses at present. The Foreign Office does not always have a lucky hand in filling important jobs with the proper people. And yet, Bonn has top-notch diplomats who are well equipped to handle any assignment. If somebody like Ruediger von Wechmar had been in Washington--he now represents Germany's interests there--the mishap would presumably not have happened to the federal government.

7-1

: 3620/420

MULTI-SIDED ASPECTS OF INTELLIGENCE SERVICE CREATION

Nonmilitary, Nonpartisan Plan

Lisbon O JORNAL in Portuguese 5 Aug 83 pp 2-3

[Report by Manuel Beca Murias]

[Text] In the more or less near future, the Portuguese state is going to have an intelligence service. That is the political prediction that can be derived from the decision of the Council of Ministers naming a task force to study the problem in the wake of the attack on the Turkish Embassy.

In the logic of things, out of that report will emerge a legislative bill that parliament should approve, activating the majority that supports the executive.

Nevertheless, owing to the sensitivity of the subject a lively debate about it can be expected and, according to experts, only 4 or 5 years after parliament approves the legislation and the president of the republic has promulgated it will the service then created begin to "bear fruit."

Until then, the multiple intelligence services existing in the military forces, militarized and police forces, will continue to act in an uncoordinated manner and the country will remain an open field for the activity of "at least 20" secret police services of other countries, in the estimate of a source consulted by O JORNAL.

Freitas do Amaral 'Placated' the EMGFA

At the present time, the Portuguese organization that is best organized in the intelligence field (the "intelligence services") is the Armed Forces General Staff (EMGFA) where, we learned from a good source, one of its four divisions is engaged in the collection, analysis and dissemination of intelligence in the area of fighting terrorism and of counterespionage.

At least, that was the practice until the promulgation of the national defense and armed forces law, following which--according to a report that was conveyed to us verbally and was not possible to confirm at all--the previous defense minister, Freitas do Amaral, allegedly issued an order prohibiting the

EMGFA from collecting and analyzing intelligence outside of the strictly military area, as specified in the aforementioned directive.

In addition to the EMGFA, the following also have intelligence services: the judiciary police (specifically its Directorate-General Against Banditry, created in 1977, the Public Security Police (PSP) (including the Special Operations Group, established in 1980, and the Alien Service), the Republican National Guard (GNR), the Customs Guard and the three branches of the armed forces.

According to the defense law, the intelligence services of the armed forces will devote themselves exclusively to military intelligence in the context of the missions that are assigned to them (specifically in the constitution), with the respective coordination being incumbent on the Council of Chiefs of Staff, and control, on the Chief of the Armed Forces General Staff (CEMGFA) and the Chiefs of Staff (CEM's) of the three branches, without detriment to the prerogatives of the minister of national defense and the systems of generic control which the law may establish. In conformity with that, the law adds in its final and transitory provisions that "the methods of coordination between the military intelligence services and the other existing or to be created intelligence services, specifically, in the remaining areas of national defense, will be regulated by decree-law."

Possible Model

A well-placed informant told O JORNAL that what the government plans to propose to the Assembly of the Republic is precisely a coordinating organization for all of these existing intelligence services.

A party source assured us also that, therefore, that organization would not be a political police because it would not have investigative functions (much less those of initiating legal proceedings).

In fact, at least one of the theories that is taking shape on this subject among the majority runs along the following principles: there should be created a state intelligence organization which, therefore, will depend on the government only administratively, from the political point of view; for operation will depend on the Superior Council on National Defense; and for purposes of control will depend on the Assembly of the Republic, possibly through the Commission on Rights, Freedoms and Guarantees. Thus "the intelligence organization," as it is designated by the specialists would be detached from both the armed and militarized forces and the parties and government because it would depend on the collegial organ that is that council, not having the prerogative to "order an arrest" and being strictly controlled by parliament through the representatives of all parties.

These services, besides being under dispersed authority, would not be specifically at the exclusive service of any agency, being obliged to supply data to the superior authorities of the state, the magistrates and the police.

Recruitment

While in military circles it is agreed that the organization to be created should preferentially be based, as a point of departure, on the one existing in the EMGFA, in circles close to the current government it is maintained that the "EMGFA should limit itself to military intelligence, without detriment to the ability of the intelligence organization to be created to recruit among members of the armed and militarized forces, provided that they go into the reserve status, as well as former diplomats, etc."

On the other hand, considering the influence that the Socialist Party (PS) has in the government, it is believed that the intelligence coordinating organization will be created, as was said, only after wide debate and through broad consensus. It should be recalled that while he was a deputy, in the Assembly of the Republic, Jaime Gama reminded the great advocate of a large superstructure, who was then minister of internal administration, Angelo Correia, that on that subject one is faced with a real "question of system."

"Unfortunately," observed Jaime Gama, "a great national debate as not yet been opened on the type and the most appropriate organizations for the internal security of our country, in a pluralistic democracy. Since it is a real question of system, directly connected with the bases of social and political alternation, the benefit would result from engaging all public opinion in such a discussion, because the credibility of democratic regimes clearly have to do with the unbiased, impartial and professionally mature and controlled performance of their security forces."

Pros and Cons

Lisbon 0 JORNAL in Portuguese 5 Aug 83 pp 2-3

[Text] In 1979, Sousa Franco declared in Sao Bento that at that time there was one policeman in Portugal for each 200 Portuguese. Later, it was observed also in Parliament that in that estimate that politicians had even included game wardens...But it is a fact that a legitimate question is detected among the public: Why more policemen?

In various opposition circles approached this week by 0 JORNAL, some reservation was observed regarding the idea of the formation of an "intelligence organization," in which some claim to see a new International and State Defense Police (PIDE) in preparation.

Although the legitimate right of the state and government to defend the institutions, normalcy and security of the citizens and diplomats is recognized, they note the dangers that arise if the intelligence service is created linked to any of the existing police forces or is uncontrollably limited only to the government, which would imply party-politicizing it.

"Parliament will have to demand that, in the eventuality that it is created, the intelligence services will fully respect the constitution, specifically

with regard to the secrecy of the mails and telephone communications [The interception of] which by the Judiciary Police is legal today only when authorized (by a judge), commented a deputy.

Fears regarding the risk of the network use of intelligence means are also expressed by some sources we contacted in this regard.

"It is obvious that the PIDE encompassed a combination of powers within itself (intelligence police, secret agency, criminal police, initiator of legal proceedings, keeper of its own jails, etc) which are unthinkable today. But there is always the risk that, with services of that type, we are creating a state within a state or a tool that will make it possible for the temporary holders of power to exercise a muscled democracy that will help them to neutralize set ideas and to repress everything they consider 'subversive'," they added.

On the other hand, it is mentioned also in some quarters that there are not too distant memories of attempts to establish "special police" forces made at the expense of accidents in the course of democracy, of a sporadic attack by the FP-25, just as the fact that Portugal has joined the list of countries chosen for international terrorism would be an excuse now, when what is sought after all is to strengthen the repressive machinery of the state.

'Preferable'

For their part, the supporters of the new services plan argue that "a known system of handling intelligence within the framework of the democratic state is preferable to the possible development of various police forces in their own shadow, which utilize sophisticated means to keep the citizens and social movements under surveillance by simply purchasing those means in the world market through the underground diversion of funds."

Past Planning

Lisbon O JORNAL in Portuguese 5 Aug 83 p 4

[Text] Immediately after the attack against the Turkish Embassy, the Belem Palace publicly reaffirmed that it favored the existence of an intelligence service.

That statement did not surprise anybody inasmuch as, immediately after the 1976 presidential elections, Ramalho Eanes entrusted to a recognized "non-Eunist," General Pedro Cardoso, the task of undertaking studies that would serve as the basis for an Intelligence Service of the Republic (SIR). Until practically the advent of the AD, this task force, working in the Cascais Citadel (in a second phase, under the aegis of Brigadier Lopes Cavalheiro), proceeded with various studies and had consultations with parties, military commanders and police. The idea was to complete a basic study so that the parliament could create some intelligence service and "subordinate them to whomever it well saw fit," comments a military source today.

The plan died, however, with the advent of the AD. There is the conviction that the president must have believed that with the existence of a stable parliamentary majority, there was no longer any need to take preparatory actions of that type. But, confronted with that argument, the AD presumably preferred to "freeze" the SIR because it considered it turned too much toward basing the intelligence structure on the military and, therefore, was against the grain of its dynamics of fighting "guarded democracy," the Council of the Revolution...and General Eanes.

Today, the SIR does not seem to be more than a "dossier" in a file in the rose-colored palace on the margin of the Tagus, an inglorious fate, quite different consequently from the "secret arm" of the post-25 November period which the left and the far right came to fear.

Foreign Secret Services' Operations

Lisbon O JORNAL in Portuguese 5 Aug 83 p 4

[Text] A source considered to be well informed revealed to us that "at least 20 foreign secret police services are operating practically at will in Portugal."

Among all of them in Portugal, the strongest reportedly are the Israeli and South African police, the CIA, KGB and MI-5 (British) as well as the French and West German secret services; "growing activity by the secret police of Angola and Mozambique" and of other Third World countries, including Arab countries, has been noted, our informant added.

Some of these police services from countries which the current government consider "friends" pass information to the different Portuguese agencies that belong to what in the jargon is called the "intelligence community." One of the preferential beneficiaries of these contacts has been the EMGFA, O JORNAL learned from a nonmilitary source. "But because of the existing lack of coordination some of those clues are not explored in time with the results that are obvious."

The supporters of the creation of the planned intelligence service argue that it would also serve precisely to control the activity of foreign agents and spies in Portugal, reducing it to "acceptable proportions," which would not be at the current level--which is that of a veritable banana republic, where the secret agents operate in a "paradise of opportunities."

8711

CSO: 3542/192

POLICE TO ACQUIRE 9-MM PARABELLUMS IN ANTI-ETA WAR

Madrid EL ALCAZAR in Spanish 17 Jul 83 p 9

[Text] The Ministry of Interior will complete during the current year 1983 the outfitting with double-action 9-millimeter, Parabellum pistols of national policemen on duty in the Basque provinces and Navarra, according to reports to EUROPA PRESS by competent sources.

That new firearm, habitually used by the ETA [Basque Fatherland and Liberty Group] in its terrorist activities, replaces the short Star pistol used until now, jointly with revolvers, by the National Police.

The Parabellum double-action 9-millimeter pistol has a magazine that can accommodate 15 rounds and is now the best firearm of its kind. It is believed that in a clash between policemen and ETA members, the latter used to enjoy the advantage of having a more accurate weapon with a clip containing more rounds.

In 1982, members of the National Police on duty in Bilbao and Alava were equipped with the Parabellum. This year the government is planning to acquire 1,800 more pistols as projected in the ZEN (Special Northern Zone) plan to assign to policemen operating in Guipozcoa and Navarra. In the Basque provinces and Navarra some 3,500 members of the National Police are assigned on a permanent basis.

The sources mentioned above indicated that this year some 2,000, 9-millimeter Parabellums will also be purchased to equip the policemen assigned to the prime minister's office, the flying brigade, and the bodyguard.

Arms Needs

Said sources added that the budget assigned by the Ministry of Interior to the National Police for weapons--596 million pesetas--is small for the needs and duties assigned to this service consisting of over 50,000 men.

These same sources indicated that the budget of the Higher Armament Agency made up of some 8,000 officials is 348 million pesetas, practically equal to that of the National Police.

The officials of the General Police Brigade have been assigned 9-millimeter double-action Parabellum pistols for some time now, not only in the Basque provinces but throughout Spain.

EVIDENCE OF ETA-MONITORED POLICE COMMUNICATIONS

Madrid DIARIO 16 in Spanish 16 Jul 83 p 1

[Text] The Spanish Police have evidence that the ETA [Basque Fatherland and Liberty Group], a terrorist organization, maintains an illegal listening system "tapping" telephones of the state security units and tape-recording their radio communications.

Evidence

The gathering of such evidence of ETA espionage of the Spanish Police is facilitated by their French colleagues as part of the existing French-Spanish anti-terrorist cooperation plan, according to reports by the SER network this morning.

The Spanish Police now have the tapes that their French counterparts obtained when these were impounded from Basque "refugees" in southern France.

Given that the Spanish Police were aware of this ETA espionage possibility, lately the judicial authorities had not been requested to approve further legal impoundments of telephone communications by suspected ETA members because of suspicion that the terrorist organization has "legally infiltrated" the telephone company in the Basque Country.

Precisely for this reason it is not excluded that the police have undertaken brief "unlawful" operations in the Basque Country so that these may not be detected by the ETA spies.

According to information lately released by the Ministry of Interior and the telephone company some 500 telephones are now being tapped officially. Approximately half of them are tapped under judicial authorizations of the National High Court of Justice in application of the Antiterrorist Law.

The balance, some 250 telephones, are tapped on the basis of authorizations by regular judges to investigate common felonies such as smuggling, drug trafficking, and other crimes.

Radio Too

Despite these police clues that ETA members have "infiltrated" into the telephone system, the telephone company has noted that employees have no means of listening in on telephone conversations and it continues to maintain that there is not the slightest evidence of irregularities.

The fact that ETA members have also tapped police radio transmissions does not eliminate the possibility that the organization taps telephone lines outside telephone exchanges such as distribution lines or those other lines using radio transmission.

Faced with this situation, the Spanish police are prepared to seek the advice of the Israeli intelligence and law-enforcement agencies with the purpose of benefiting from their experience in antiterrorist operations.

Following the recent visit to Israel of the director of state security, Rafael Vera, in late summer, the arrival of Israeli experts is expected so that they may advise on matters relating to fingerprints, the deactivation of explosives, and the sealing of borders.

2662

CSO: 3548/473

BARLAS DEMANDS END TO ALL RELATIONS WITH FRANCE

Istanbul MILLIYET in Turkish 18 Jul 83 p 1

["Today" column by Mehmet Barlas: "France and Terrorism"]

[Text] Like all terrorist organizations, Armenian terrorists also need money, arms, shelter and support. It is essential that Turkey find and cut the link between the Armenian terrorists and these resources.

Let us enumerate some facts we all know about.

France is the leading country where Armenian terrorists are comfortably nested. Certain French politicians and leaders are permissive toward the nesting of Armenian terrorism in France partly out of concern for votes and partly as an attempt to appear as promoting justice. As a result of this stance of the French government, the French press and media provide space to statements which justify Armenian terrorism.

Turkey must act against this stance of France by utilizing all diplomatic and other similar means at its disposal.

At one time, Cuba was the haven for air pirates hijacking airplanes.

Today, France is in the position of protecting an international murder network. In a sense, French President Mitterrand is no different from a "Mafia godfather." French ministers, mayors and deputies are virtually encouraging racist and vengeful ideas which form the bedrock of Armenian terrorism and which provide it with money and support. The French radio and television constitute a propaganda forum for Armenian terrorism. We must declare France as the center of international terrorism and we must set a deadline for them to take the necessary measures. When the deadline passes, we can enforce measures that are based on the cutting off of diplomatic and commercial relations.

We cannot remain oblivious to the turning of Paris into an endless grave for Turkish diplomats and citizens.

Turkey must counteract the votes of the Armenian minority in Marseilles and Paris by using its own influence and that of its friends in the Middle East in a manner

that may go as far as a trade embargo. We must put our NATO allies into action against the French stance of supporting terrorism.

It is strange. France requires visas from our citizens. Why are we not requiring visas from the French? Demonstrations incriminating Turkey are being held in French cities, and French ministers are inaugurating anti-Turkish monuments. Meanwhile, we support Turkish schools which provide French education.

As long as the French government and media encourage murder, Armenian terrorists will be able to find both shelter and money in that country.

The position of Britain, the United States and Yugoslavia is very clear. Why are Armenian terrorists not able to establish a foothold in West Germany?

As a Turkish citizen, we see France as the Chicago of the 1930's. France gives the impression of being a country which pays a premium for murder. The murderers are more effective than the government and the police.

Our tourists must not go to that country. Our businessmen must not do business with that country. At this time, France is the disgrace of mankind.

9588

OSO: 3554/376

ARMENIAN TERRORISM SEEN AS THREAT TO TERRITORIAL SOVEREIGNTY

Istanbul DUNYA in Turkish 18 Jul 83 p 8

["From the Window of the World" column by Haluk Ulman: "What Must be Done"]

[Text] The murder of a Turkish official in Brussels and the bomb that exploded in front of the Turkish Airlines counter at Orly airport are the most recent two pieces of evidence showing that the Armenian terrorist organizations are continuing their campaign against Turkey.

Following the Israeli invasion of Lebanon and the cleanup operation in Beirut, it was said that the headquarters of Armenian terrorist organizations in Beirut were broken up and that, consequently, there would be a lull in the activities of these organizations. But it appears that even if their headquarters have been broken up their activities have not stopped. More correctly, with whatever support they have the Armenian terrorists have found new locations to nest, to organize and to plan their activities.

Where have these new nests been established? Many things are being said on this issue. Some believe that their new location is South Cyprus, others think that it is Athens. However, it seems that it would be easier for them to be based in Syria and, furthermore, this possibility is more generally accepted.

It appears that Turkey will no longer remain an onlooker at these acts hoping that they will die down once their initial insanity passes away. Because, Armenian terrorist acts are not only not slowing down and not losing their effectiveness, they are making Turkey more uncomfortable and causing more pain to Turkish citizens every passing day. Consequently, there is an urgent need to formulate policies and strategies to counteract these terrorist acts.

Stopping these acts by giving in to the terrorists' demands is entirely out of the question. Because these demands are aimed against the honor, dignity and territorial integrity of Turkey. Furthermore, they are based on groundless allegations which the Armenian propaganda machine wants to show as the truth. The terrorists know this fact themselves and they probably do not have the remotest belief that Turkey will accept their demands. In any case, what they really want is not the endorsement of their demands, but the weakening and the eventual disintegration of Turkey by disturbing it constantly. That is why they are collaborating with all the other forces wishing the same result. In fact, it is

with the support of these other forces that they are able to stay alive, to organize, to arm and to act. Otherwise, these works cannot be the work of a handful of deranged Armenians.

Once we understand this fact, the basic elements of the policy and strategy to be adopted against these acts become clear. What needs to be done is not to clamor about the fact that we cannot explain to the world the falsity and the unfairness of the Armenian demands and to seek ways of explaining it better; what needs to be done is to find those who are behind these acts and to pull their ear.

Turkey is a great nation with its geographical position, its economic potential and its large population. As long as Turkey preserves its unity and integrity, others will not find it easy to restructure this region the way they want to. Thus, they need to weaken Turkey's unity and integrity. Yesterday, they were trying to do that by inciting anarchy and violence in the country. Today, they are trying to do the same thing through Armenian terrorism. The issue must be viewed from this perspective.

This is what must be explained to the Western countries who view the events as a settling of scores between Turkey and the Armenians. While those who are trying to disturb, to weaken and, if possible, to break up Turkey by supporting these incidents must be told that they may have to pay a high price for losing the friendship of a country like Turkey. Let there be no doubt about that.

If we dedicate our strength to arguments that have nothing to do with the essence of the matter--such as whether there was a genocide or not or whether one is right or the other--we may, perhaps, have our voice heard, but we should not be surprised when, even then, we cannot rid ourselves of the evil of terrorism.

19588

NO: 3554/377

BALCI SEES VICTORY OVER TERRORISM IN NATIONAL DEVELOPMENT

Istanbul CUMHURIYET in Turkish 18 Jul 83 p 3

["Problems in Politics" column by Ergun Balci: "Law of Nature"]

[Excerpt] The ugly crimes committed by rabid ASALA [Armenian Secret Army for the Liberation of Armenia] murderers last week have once again made the law of nature an item on Turkey's agenda. In other words, as the attacks continue, the Turkish nation will be honed sharper, it will become more unified and it will develop ways of defending itself. Most importantly, Turkey will never direct its fury against the Armenian citizens in this country as the murderers hope. It is obvious that the acts of murder committed against Turks are part of a broad-based plan which goes far beyond being an act of revenge by a handful of fanatical Armenians. But the greatest mistake of the circles that are preparing these unfortunate plans is that they are forgetting the historical experience of the Turkish nation. Such blows cannot shake a nation that has one of the richest histories in the world; they can only have a prodding and impelling effect, and they can only bring to the fore a creativity that is the result of hundreds of years of experience in self-defense.

Making statements like "the blood of our martyrs will not flow in vain" or "our revenge will be severe", or getting angry because a certain country has not condemned Armenian terrorism appear as artificial displays of reaction to us. International politics is based on self-interest. We are furious against France because it is protecting Armenian terrorists, and we are disillusioned. The French had thousands of Turks massacred by letting Armenian militias into Maras and Antep during World War I. What were we expecting to be disillusioned?

Instead of getting angry, furious and disillusioned, we should think with cool heads. The goal of the dark plans behind Armenian terrorism is to weaken and to dismember Turkey. The phenomenon fueling the hopes of those preparing these plans is the fact that Turkey has not been able to complete its industrialization and that it has not yet won the economic struggle.

A Turkey, with a population of 50 million, which has completed its industrialization and which is manufacturing machines is a nightmare for these circles.

But the methods these circles have resorted to to stop this proces will, by the principles of the law of nature, inevitably lead to a tightening of the ranks of the Turkish nation and a sharpening of its sense of industrialization.

Because, today, the path to defending oneself and being strong passes through industrialization.

9588

CSO: 3554/377

ARMENIAN TERRORISM ALERT IN WAKE OF ORLY INCIDENT

Istanbul CUMHURIYET in Turkish 18 Jul 83 pp 1,11

[Text] Gun Gur, the Undersecretary of the Turkish Embassy in Paris, said that the mass murder act committed by Armenian terrorists at the Orly airport in Paris "has created a different impression on the French public than previous such acts" and that, consequently, French authorities will conduct their inquiries "more seriously." Meanwhile, the Armenian terrorist organization, ASALA [Armenian Secret Army for the Liberation of Armenia], has threatened new attacks. In his letter of reply to French Prime Minister Pierre Mauroy, Prime Minister Bulend Ulusu stated that "the Turkish government appreciates the assurances given by the French authorities." Ulusu said in his letter: "I would like to hope that the feeling of indignation you have expressed reflects your government's determination to fight against terrorism." The condition of the six of the Turkish citizens wounded by the attack on Orly and currently under treatment in Paris continues to be critical.

Turkish embassy officials in Paris have not yet been given any detailed information about the investigation conducted by French security forces in connection with the incident at Orly. Embassy Undersecretary Gun Gur noted the "difficulties involved in obtaining information while the investigation is under way" and stated that the French authorities "must know clearly who is doing what around here." Gur said:

"This time there was a strong public reaction. This situation is significantly different from what we had previously. It also appears that there is a problem in their internal structure. I think that they will conduct a quite serious investigation."

French police have determined that the bomb that went off in front of the Turkish Airlines counter at Orly airport was of the same type as the one placed at the Turkish Tourism Office in Brussels. It is reported that the French police is collaborating with the Belgian police in this investigation. French police officials began questioning the wounded yesterday.

The condition of the six Turkish passengers seriously wounded by the Armenian terrorist attack on Orly airport continues to be critical. The passengers whose condition has not improved are: Cafer Albayrak, Muzaffer Taylan, Mehmet Kurt, Adil Erdogan, Ergun Cagatay and Ali Riza Sayin.

Embassy Undersecretary Gun Gur reported that it has not been possible to identify Ali Riza Sayin's next of kin and his business or home address and that no information could be obtained from the victim himself because he is unable to talk. Gur said that the condition of the wounded other than that of Ali Riza Sayin at the St Antoine Hospital and the five seriously wounded at the Percy Hospital is "not very critical." Kemal Unal, Atilla Firat, Mustafa Tan and Keskin Seris were discharged from the hospital yesterday after being treated for wounds.

The Armenian terrorist organization, ASALA, which martyred Dursun Aksoy, the administrative attache of the Turkish Embassy in Brussels and which subsequently executed the Orly massacre, threatened to launch new attacks in an unidentified country unless two of its activists held by that country are released immediately. Someone who called a news agency in Athens and who identified himself as speaking on behalf of ASALA said: "We are warning that country. If our friends are not released in 3 days we will be forced to shed blood in that country."

Uluslu's Message

Prime Minister Bulend Uluslu responded yesterday to the message sent by French Prime Minister Pierre Mauroy in connection with the Armenian terrorist act at Orly airport and said that he "appreciates" the assurances given by Mauroy. Uluslu said in his letter of reply: "My government would like to hope that the feeling of indignation you have expressed in your message reflects the French government's determination to fight effectively against international terrorism."

In a message sent to Uluslu two days ago, Mauroy said: "On behalf of the French government, I would like to convey to you my feelings of indignation against this blind act of terrorism." Mauroy also stated that his government will make every effort to capture the perpetrators of the attack.

4588

NO: 3554/376

HIGHER WAGE COSTS EXPECTED TO HURT FOREIGN COMPETITIVENESS

Copenhagen BERLINGSKE TIDENDE in Danish 29 Jul 83 Sec III p 6

[Article by Frank Dahlgaard]

[Text] The OECD economists in Paris do not believe that the four-party government's income policy will improve Denmark's competitiveness with other countries.

In many areas the four-leaf-clover government has been able to put its economic policies into practice, but in one decisive area it has not succeeded.

That area is competitiveness policy.

When Prime Minister Poul Schluter presented the four-party government's policy to Folketing on 5 October 1982, he stressed that income policy was a very essential element.

The philosophy behind the government's income policy was (and is?) that we must bring our wage increases in the next few years down below those in other countries, so that our production costs grow more slowly than those of foreign firms.

In that way, the increase in the prices for our products can also be brought down below the inflation rate in other countries and that will strengthen Denmark's competitiveness. We will be able to increase our share of the export market and this would benefit production, employment and the balance of payments.

Wage Strategy

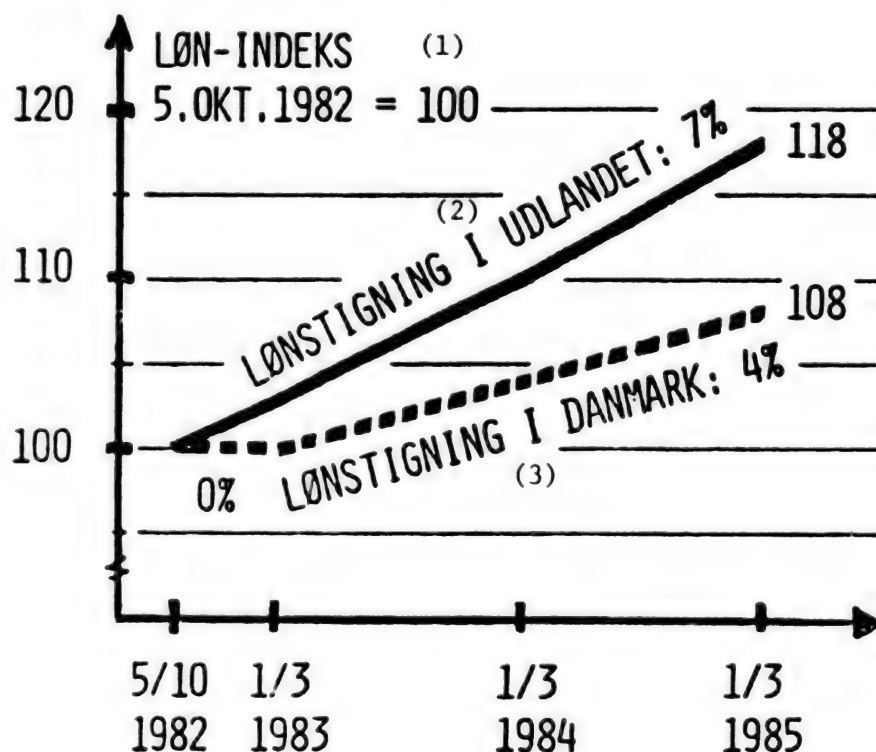
The curve below illustrates the four-party government's income policy strategy as it looked in Poul Schluter's opening speech to Folketing last year.

At that time, according to the OECD estimates, there was a prospect of a 7 percent annual wage increase among our foreign competitors, on the

average. The government's wage policy, of course, consisted of a total wage freeze in Denmark up to the contract renewal talks in the spring of 1983, followed by total wage increases of not more than 4 percent a year in the new contract period.

Successful implementation of this wage policy would--as the illustration shows--result in the Danish wage level in the spring of 1985 being only 8 percent above the level in October 1982.

In the same period, it was estimated that wages in our competitive countries abroad would rise by a total of 18 percent, thus improving the competitiveness of Danish businesses.



Income Policy of the Four-Party Government

Key:

1. Wage index, 5 October 1982 = 100
2. Wage increases abroad: 7 percent
3. Wage increases in Denmark: 4 percent

Pay Increase of 6 Percent

How have things gone in practice?

Unfortunately, not nearly as well as the government planned.

The cooperative economic organization of the western world in Paris, the OECD, presented figures in its summer report ("Economic Outlook" No 33, July 1983) that indicate that the four-party government's wage policy will not improve Denmark's competitiveness at all. On the contrary.

The OECD estimates that average hourly wages in Danish industry will rise by 9 percent from 1982 to 1983. This sharp wage increase is due in large part to the fact that at the time of the four-party government's opening speech in 1982, wages were already above the 1982 average.

Thus if we want to evaluate the prospects for success in the government's income policy, it is more interesting to look at the OECD economists' estimate of wage developments from 1983 to 1984.

BERLINGSKE TIDENDE has reproduced this estimate in the table [not included].

Not Very Good

As the figures show, the OECD economists do not believe that the 4-percent wage framework will be adhered to in Denmark. They set the Danish wage inflation rate at 6 percent from 1983 to 1984.

If that happens, it would be a 50 percent increase in the wage framework.

As the table shows, many important industrial countries are expected to have wage increases far lower than those in Denmark. This includes some of the countries with which we trade the most, such as Germany, Holland, Belgium, the United States and Japan. Even Sweden, which had a shock devaluation of 16 percent last year, is not expected to have wage increases of more than the 6 percent we ourselves will probably have in the coming year.

An average of the wage increases listed for other countries--weighted according to the various countries' importance with respect to Denmark's foreign trade--is 5.85 percent. If the latest estimates of the OECD economists prove correct, wage inflation in other countries will be a little less than Denmark's from 1983 to 1984.

Wage Ceiling Exceeded!

Thus even if we succeed in bringing Danish wage inflation down to 6 percent, that will not be enough to improve Danish competitiveness. Other

countries have also reduced wage inflation and wages will continue to rise somewhat more sharply in this country than abroad.

Thus if we are to believe OECD, the four-party government's income policy strategy seems to have broken down.

The desired 4 percent wage inflation here will not hold, but will rise to 6 percent and the earlier estimates of wage increases abroad will not prove correct either. Where earlier there was a prospect of 7 percent wage inflation abroad, the figure is now below 6 percent.

This means that Denmark's competitiveness is not improving as a result of wage developments. On the contrary, there is a risk that it will become slightly worse.

Foreign Exchange Rate

If we add to this the development in foreign exchange rates, we get a picture of a further weakening of Danish competitiveness.

Since Prime Minister Poul Schluter's opening speech last October, the Danish kronen has been appreciated by 3.5 percent as a result of changes in the exchange rates of other countries. This means that on the average, Danish exporters get 3.5 percent less for the currency they earn abroad when they change it into Danish kroner. On the other hand- importers can acquire the currency they need at a correspondingly cheaper price.

Thus imports have been given a boost, while exports have been hard hit.

6578

CSO: 3613/163

NUMBER OF BUSINESS BANKRUPTCIES DROPS IN FIRST HALF OF 1983

Copenhagen INFORMATION in Danish 27 Jul 83 p 4

[Article by Henrik Heie: "Little Fewer Bankruptcies"]

[Text] Fewer bankruptcies in agriculture and construction,
but more in commerce.

The number of bankruptcies and composition schemes enforced by a majority of the creditors now appear to be declining slightly. That does not, however, apply to all business. But there is talk of a marked decline in agriculture and construction and investment activity, which has experienced a powerful increase in the commercial area.

Decline of 20 Percent

The total number of declarations of bankruptcy for the first half of 1983, according to Danmarks Statistik, is 1,016, divided into 518 in the first quarter and 498 in the second quarter. In the entire year 1982 the number was 2,465 and for 1981 2,515 bankruptcies. For the second quarter of 1982, the number was 623, so that there has been a decline of 125 in the second quarter of this year, or of 20 percent.

Bankruptcies in agriculture in the second quarter fell from 19 to 8, and in construction and investment activity from 160 to 94. In manufacturing there is an almost unchanged number of bankruptcies, namely 85 to 82 in the second quarter of last year. But within commerce the number has grown from 123 to 194. While the restaurant and hotel branch has experienced fewer bankruptcies, 19 against 21, the number has increased strongly from 16 to 26 in the automobile branch, but fell sharply from 157 to 56 in the group "other business activities," as in the group "others" from 45 to 16.

The number of composition schemes enforced by a majority of the creditors (or more precisely "opening of negotiations on such schemes") shows corresponding movement. In all there were registered 221 composition schemes enforced by a majority of the creditors in the first half year of 1983, against 484 and 338 respectively in the entire 1982 and 1981.

There were fewer composition schemes enforced by a majority of the creditors in agriculture, in production, construction and investment activities and in the restaurant and hotel branch, but more in trade and "other business activities."

NEW HIGH TECHNOLOGY INDUSTRIES STRUGGLE TO GAIN EXPORTS

Copenhagen INFORMATION in Danish 27 Jul 83 pp 1,12

[Article by Henrik Heie: "New Industrial Growth Areas Threatened by Cutbacks"]

[Text] While the old major industries go backward, entirely new growth areas have arisen in the areas of health, environment, energy and communications.

Investigation of the growth problems in industry and of the effects of technology-oriented and export-oriented industrial policies shows that the new growth areas in production are strongly dependent on both the demand in the public sector and the mentioned policies.

Therefore the government's cutbacks are threatening to pull the pins out from under the most dynamic part of economic life.

Reorganization Problems

INFORMATION has come into possession of an analysis of current development tendencies and reorganization problems in industry, prepared by the industrial policy secretariat under the Ministry of Industry.

This analysis deals with the large reorganization problems which Danish industry is having because of changed demand models in the industrialized countries as a result of the crisis, increased internationalization and specialization, the declining volume of domestic sales, increased sales from the overseas markets and strong growth in industrial production in a number of new industrial countries.

Some parts of Danish industry have experienced a strong retreat, but in other parts there has been growth as a result of these conditions.

Growth Areas

The report confirms that "a very large part of the growth in industry in the past 10 years has taken place within the iron and metal industries, and especially within the investment-goods-oriented machinery and electrical in-

dustry, and in the production of medicines and chemical raw materials plus leisure time equipment, including toys. An essential part of this growth has taken place in small and medium firms."

A characteristic trend within the machinery and electrical industry is a very powerful increase in the number of firms. While the total number of industrial firms has declined during the period 1972-1980, the number has increased by one-fourth in the investment-goods-oriented machinery and electrical industry.

"This development shows that in Danish industry there continues to be dynamic and flexible small business," writes the industrial policy secretariat. "Many new firms are established and have developed despite the crisis. The question, however, is whether this development can be maintained and can lead to further industrial expansion. It is significant here how integrated the new industrial environment is, meaning to what extent it consists of more or less connected production areas which have their bases in demand from or production in other sectors of the economy."

The older production areas, which have been in retreat or stagnation in the 70's, are tied to agriculture, shipping and construction.

"There are a number of areas attached to the newer growth production areas which are closely tied to public sector demand, or the public sector's active influence on the private sector demand," said the report, which as examples names the health sector (medical goods industry and medical technical equipment), environment (pollution fighting equipment, recycling industries), energy area (offshore equipment, heating systems and energy-saving equipment) and the communications area (telecommunications equipment).

Close Interaction

"Common to these limited production areas is that within the individual areas there is close interaction between the producers and the users, and that the development of the areas does not follow the traditional division into branches. Danish industry has in such areas been able to establish independent and powerful technological development and internationally strong technological positions, which have been maintained for a long time, and which have given the possibilities for extensive export," it is stated.

But even if it is successful in developing such connected production areas based on technological development primarily in connection with domestic demand and later in export, it has been difficult for the parts of Danish industry which previously have been oriented to the domestic market, especially the smaller activities, to meet the demand for increased export.

Many firms have, however, been able to survive by specializing, either in quality or in groupings of goods.

Specialization

In technologically simple products, especially in the consumer goods area, specialization has typically taken place by developing higher quality, better design, more effective organizing of production by use of new technology and with a high degree of preparation. Cited as examples are food and recreation equipment, textiles and clothing, furniture and toys.

In the investment goods area specialization takes place more in the area of goods. That applies for example to electrical and telecommunications equipment, measuring instruments, machinery and certain areas within the chemical industry.

Small Business

Danish industry is characterized by the great number of small businesses (with less than 200 employees) and that has been reinforced in the past 10 years. The retreat has taken place for the old major firms in our traditional strong areas, but growth has mainly taken place in smaller firms within the machinery and electrical area.

But the small businesses are having great difficulties entering the new markets in OPEC countries and the newly industrialized developing countries, which especially need investment goods. These markets have had strongly increasing importance, also because of the lower investment activity in the western industrial countries.

In addition the developing countries to a large extent need entire projects or systems (for example, factory installations or institutions, often including startup and break-in services).

Cooperation

"Meeting that type of demand will therefore demand cooperation between Danish activities and subsequently also between these and a public agency," it is pointed out.

The industrial policy secretariat states that it will be appropriate from a national economic standpoint for resources to be concentrated in the production area where Danish industry already has or can expect to reach a good position in international competition in order thereby to create increased employment.

It would be a significant advantage if a related production structure can be created between the individual firms. That will require increased cooperation between Danish businesses.

Research and Development

The report points out that "a decisive precondition for establishing stable international positions of strength for Danish industries is that significant resources continue to be invested in research and development work." It is also normally the bigger firms which have resources for the large, pioneer--but also risky--development projects. But a significant effort in development into the future would mean that a large part of the renewal and growth in industry would take place in smaller, but technologically advanced firms.

"The large number of smaller industries limits the possibilities for really basic research in Danish industry. Development possibilities for Danish industry in technologically advanced product areas depend therefore largely on whether Danish firms are attentive to and quick to seize upon the basic discoveries taking place in the large development centers abroad and in Danish research institutes, and to see the possibilities of utilizing the new technology in their special production area."

But it is just here that it is difficult for the smaller firms to participate, because they have neither sufficient economic nor personnel resources.

It is here that the public political-economic input in the technological and export oriented areas is decisive.

9287

CSO: 3613/168

DRACHMA LINKAGE WITH DOLLAR ABOLISHED ; DEVALUATION PLANNED

Measures Announced

Athens I KATHIMERINI in Greek 3 Aug 83 p 1

[Text] The drachma is being uncoupled from the dollar, which will result in its progressive but also quite rapid devaluation against the American currency and the major European currencies. This emerges from yesterday's statements by Minister of National Economy Ger. Arsenis, according to which the continual rise in the dollar has resulted in the overvaluation of the drachma and the introduction of fictional parities. This decision by the government confirms the fact that the linkage of the drachma to the dollar following the devaluation of last January was not based on purely economic criteria, but was done strictly for psychological reasons, so as to produce a fictional stability for the Greek currency. The new decision of the government was criticized severely by the former ministers I. Boutos and St. Dimas, who regard it as proof of the non-existence of any economic policy, and who express strong doubts about whether the new devaluation will have favorable effects on the economy.

It is a fact that the deceptive picture presented today by the parity of the drachma with foreign currencies is due for the most part to the strengthening of the position of the dollar against the major European currencies, and not to a contrived restraining of a more general devaluation of the Greek currency.

According to calculations, following this uncoupling there will begin as of today a progressive downslide for the drachma, which will be completed by mid-September and which will result in the devaluation of the drachma by about 20 percent against the major European currencies and by 12-15 percent against the dollar. The intention of the government, as Ger. Arsenis has stated, is to maintain the parity of the drachma against the European currencies at those levels which were established with the devaluation of 9 January. On the other hand, the drachma-dollar parity will be upset, since the American currency has appreciated more than 20 percent during the last 6 months.

The New Parities

It is figured that in the coming days the parity will develop progressively as follows:

- U. S. dollar, from 85.260 drachmas to 94 drachmas.
- West German mark, from 31.956 drachmas to 36.50 drachmas.
- French franc, from 10.623 drachmas to 12.80 drachmas.
- English pound, from 129.062 to 136 drachmas.
- Swiss franc, from 39.65 to 44 drachmas.
- Belgian franc, from 1.6 drachmas to 1.75 drachmas.
- Dutch guilder, from 28.6 to 33 drachmas.
- Italian lira (per 100) from 5.47 to 6.3 drachmas.
- Danish krone, from 8.9 drachmas to 10.3 drachmas.

The decision by the government to uncouple the drachma from the dollar comes as an admission of the pooriness of predictions by the appropriate governmental figures, who believed that the strengthening of the American currency was temporary and who linked the drachma to the dollar in order to reduced the political costs of the devaluation.

The linkage of the drachma to the dollar had been criticized by the exporters, who have been arguing that this decision of the government is wiping out all the benefits which have ensued from the devaluation. In fact, within these 7 months the competitiveness of Greek products destined for export has not improved, since the present parities with the major European currencies do not differ much from those which were in effect before the devaluation. In justifying the uncoupling, Minister of National Economy Ger. Arsenis stated the following yesterday:

Statement by Ger. Arsenis

"Recent developments in the American market, with the high interest rates, indicate that the government of the United States is inclined to pursue a monetary policy which serves its own domestic economic interests but which is to the detriment of the monetary stability of the international economy.

"I want to stress that the monetary policy of the United States is not one which ought to be pursued by the country having the "reserve currency," especially at a time when the prospects for an international recovery cannot be perceived with absolute certainty. For this reason the other countries, especially the countries of the EEC, ought to pursue an independent policy which will disengage the course of their own national currencies from that of the dollar. Within this framework, there should be an examination by the appropriate EEC ministers of the crisis in the international monetary system and the likely measures which the Community will be able to take for the protection of the economies of its member countries. I imagine that this will be one of the important issues which ought to be discussed at the informal meeting of the Community's ministers of national economy and of finance which will be held in Athens at the beginning of September, prior to the convening of the International Monetary Fund conference at the end of September in Washington.

"As for the drachma, along with the other European currencies it will follow a course which will not be linked to that which results from the monetary policy of the United States."

Subsequently, Ger. Arsenis stressed that up to the end of the year the government will stick to maintaining the parity of the drachma with the other European currencies at the levels which had been fixed after the devaluation, even though the development of the dollar cannot be predicted.

The Consequences to the Economy

It is expected that the consequences from the uncoupling of the drachma from the dollar will be positive for exporting activity, but surely imported products and raw materials will become more expensive, whether they are paid for in dollars or in another currency. Exporting circles have been arguing that whereas the decision of the government is a positive one and is in line with repeated demands by the Panhellenic Exporters Association, unfortunately it is coming rather belatedly, since the restoring of parities to reasonable levels will be completed only when the exporting period for the bulk of fresh agricultural products will already have ended.

As for imports, it is calculated that the surcharges on the final prices for these products will range around 8-12 percent, peaking within the period of the next 3 months. The consequences to imports of meats from Community countries will be more immediate, because these products must have a quite speedy distribution, and the prices on the domestic market are established each time in relation to the drachma cost of their importing, which in many cases will increase up to 20 percent.

PASOK's Reported Ulterior Motives

Athens I KATHIMERINI in Greek 4 Aug 83 p 5

[Text] When during his speech to the members of the PASOK Central Committee Papandreou referred to the economic developments which have been noted since the "movement" assumed power, he said that they reflect the "defensive" economic policy which has been followed, for the purpose of making it possible to expedite the measures of "socialist transformation." The premier did not explain who was "attacking" the Greek economy in this period or what measures were the embodiments of its "defense" against the "attacker." Nor did he explain either why a "defensive and not an offensive disposition" of the forces of the economy was necessary in order to facilitate the "Change."

In any case, regardless of the absence of clarifications the premier's statement was sincere. The economic policy which has been followed under the direct guidance of Papandreou did in fact specify as a first-priority objective the dismantling of the existing system of productive forces and productive relations, while pushing back to a secondary--and indeed very remote--level any concern for strengthening the nation's productive mechanism so as to get by in the worldwide recession without great losses. The "defense" of the economy was "realized" by means of the legislative, credit-policy, taxation, and trade-related discouragement of private enterprise and by the restricting of income and of labor-union rights.

The devaluation of the drachma which occurred last January also conformed to the same goal, even though the purely financial-monetary arguments which demanded this portrayed the measure as a "concern" for the improvement of the country's foreign accounts. The linkage of the drachma to the dollar was not prompted by the prospect of a devaluation of the American currency, nor by the government's desire to restore confidence in our national currency and stop the illicit exporting of foreign exchange. Perhaps these criteria were also at work. But the chief reason for the orientation toward the dollar was the refusal to have a close linkage of the drachma to the "European" currencies! The government did not want to create the impression that it was acceding to the accommodation of our economy to the economy of the Community, at a time when at every opportunity it was speaking about the "overall" loss which we were suffering from joining the EEC, a loss which is simply alleviated by the transfers of capital from the various funds of the EEC!

Thus, the economy was "defended" also from the EEC's aims of creating a "dependence," so that it was left free to develop "on its own power"! Now, a 180-degree turn is taking place. And not only this. The assistant architect of this "defensive" policy vis-a-vis the EEC, Minister of National Economy Arsenis, is calling on the governments of the member states of the Community to work on the creation of a strong European currency which will be able to successfully oppose the tyrannies of the dollar.

Since exports of Greek products have been discouraged because of their double upvaluation (from inflation and from the decline of the European currencies against the dollar, which for us is stable); since for these same reasons the influx of tourists, the shipments of emigrant remittances, and the transfers of funds have also been discouraged; since the importing of European goods has been made easier; since all these things have happened, without even a restoration of the confidence of the Greek people in the Greek currency and in the economic policy of the government (although these things have helped, according to Papandreou, in expediting the socialist transformation), the decision is being made to have a closer linkage to the currencies of our partners in the EEC.

But at the same time a return to the regime of the "sliding" parity is being opted for also, in the hope that the subsequent devaluations of the drachma will remedy some of the more painful consequences of the previous treatments. That is, if the orientation of monetary relations has changed, the broader "scenario" of the economic policy being practiced, its "first priorities," remains the same. Instead of aiming at the reacquisition by the economy of its aggressive character, so that with the intensification of productive activity exports can be facilitated and substitutes can be found for imports, and so that by way of these processes the drachma can find its most advantageous parity with foreign currencies, once again the task of supporting the economy is being entrusted to the weakness of the drachma!

It is the logic of the "defensive" policy. That is, of the dismembering on a "priority basis" of the economic system under the control of private initiative, in order for those "changes" to be enacted which will permit

the transition of the economy to a type of "functioning and development" which is of a "third-road" nature! This policy resembles what is being proposed by the International Monetary Fund to those who ask for its help. This is not at all strange. Why should two efforts not be alike in their methodology when they have the same end in view: To weaken the nation's economic progress so that it will not offer resistance to its alteration, or so that it will not ask for loans which it will not be able to repay? The International Monetary Fund is no more interested in the survival of Greek industries than the government of the "Change" is. Other things are the primary interests of the one as well as the other!

12114

CSO: 3521/400

CONTINUED RISE IN UNEMPLOYMENT FOR JUNE

Madrid YA in Spanish 12 Jul 83 p 21

[Text] During June the unemployment rate went up 0.46 percent over May, with an additional 9,475 persons out of work. The total number of unemployed persons is now 2,138,089, or 16.37 percent of the active population, according to the figures stated at a press conference by the labor and social security minister, Joaquin Almunia.

The minister announced that the reform of the basic employment law will be part of the quadriennial economic plan which the government is working on and which was to be studied yesterday afternoon by the delegate economic affairs committee. Almunia said that he hopes that in 1984 the first results of this reform will be evident.

He emphasized that although it is not known how many of the unemployed were covered by unemployment benefits in June, in May there were 29 percent covered of the total unemployed, and 42 to 43 percent were covered in the groups with rights to benefits, that is, in industry, construction and services.

The minister explained that the rise in unemployment during June is mostly the result of the growing unemployment in the agricultural sector (9,768 persons above the month of May), reflecting, he said, exceptional circumstances associated with the drought.

Regarding the rest of the sectors, the principal variations took place among the group not previously employed, with 12,740 additional persons, while in construction, industry and services, the total number of unemployed persons went down by 4,332, 1,924 and 6,507 respectively.

According to the data provided, growing unemployment for June is contrary to the pattern of the 2 previous years, during which unemployment went down 0.72 percent in 1981 and 0.40 percent in 1982.

Even so, the total number of unemployed persons, according to the minister, is lower than the total for December 1982, when 16.42 percent of the active population was unemployed.

The minister's figures by provinces showed sharp rises in unemployment for Alicante, Almeria, Badajoz, Cordoba and Soria, while the number unemployed went down 14 percent in the Balearics, 4 percent in Gerona, and 6.5 percent in Valladolid.

The autonomous Basque community had 13.8 percent in Alava, 14 percent in Guipuzcoa and Vizcaya, 4.7 percent in Catalonia, 18.7 percent (335,000 persons) in Barcelona, 8.6 percent in Gerona, 8.4 percent in Lerida and 13.9 percent in Tarragona.

11,989

CSO: 3548/464

CEOE WARNS AGAINST UNION, MANAGEMENT DESTABILIZATION

Madrid YA in Spanish 12 Jul 83 p 23

[Text] "If the government, or the party which supports it, initiates or aids actions which produce the destabilization, weakening or manipulation of CEOE [Spanish Confederation of Business Organizations] or its organizations, then it must realize that it will be assuming the serious responsibility for initiating a process of social destabilization, since an artificial weakening of business organizations will bring about the same effect in the labor union organizations." This blunt statement is part of the response which CEOE has made to the reports on the agreements made by the socialist conferences on small and middle-sized firms (pymes), specifically in response to the proposal that the public firms in INI [National Institute of Industry] should withdraw from the business organization and that the government should intervene, directly or indirectly, in the PYMES organizations. The response begins with an equally blunt assertion: "Democratic stability demands from the government and its party the highest respect for business and labor organizations."

CEOE believes that the agreements mentioned "constitute evident proof that in PSOE [Spanish Socialist Workers Party] there are sectors which do not show the respect which in a democratic system must be paid to social organizations, including business organizations." It indicates also that if there are public firms in CEOE, this is the result of the fact that the managing boards consider it proper that public firms participate with private firms in the definition of common policies for each sector and in the utilization of shared services of research, evaluation and analysis. As regards the dues paid by these firms, CEOE notes that they correspond to the organization to which the firms belong, and the budget for the central organization is built by these dues, which, according to the rules, are paid by each member group. Therefore "it is false and demagogic to say that the state subsidizes CEOE through public firms." CEOE adds, "the only known subsidy from the state is the one approved for certain labor union central organizations, which this year amounts to over 800 million pesetas."

The employer organization indicates also that such actions go against the expressed desires of the government and its president to respect business organizations and to seek means of dialogue and collaboration in order to find solutions to economic and social problems. Also, it notes that CEOE has thus far shown "complete respect for the union organizations and the government's

actions," notwithstanding specific and reasonable criticisms made, and CEOE points to the stability and lessening of conflict which in the past few years have resulted from this respect and concern for dialogue, negotiation and agreement with labor organizations. In conclusion, CEOE makes another reminder: actions contrary to respect for labor and business organizations perpetuate methods from the past which have been severely criticized by the government party."

11,989

CSO: 3548/464

ECONOMIST SUBMITS 'BOURGEOIS RECIPE' FOR FUND OPERATION

Stockholm DAGENS NYHETER in Swedish 21 Jul 83 p 7

[Article by Sven-Ivan Sundqvist: "Distribute the Shares Among the Adults"]

[Text] "The opposition should already now promise to do away with the wage earner funds through the distribution of the shares among all adult Swedes."

Professor Assar Lindbeck says this in an interview with TT [Expansion unknown]. Assar Lindbeck means that such a promise can undermine the wage earner funds right from the start.

"Sooner or later there must be a change in government," says Lindbeck, "and if the opposition has then promised to distribute the shares among all adult Swedes, it would seem pointless to institute the funds," says Lindbeck.

Assar Lindbeck has for a year pondered how the opposition would be able to do away with the wage earner funds.

The best thing, says Lindbeck, would be to raffle off the shares to all adult Swedes. That would mean around 700 kronor per adult Swede by year's end 1985.

Another alternative is to sell the shares during a two year period.

A third alternative is to institute individual shares in the funds, but then the funds still remain.

"Personally, I like the first proposal the best," says Lindbeck.

DAGENS NYHETER (DN) called Lindbeck and asked if he had thought of the effect that giving adult citizens around 4 billion kronor in shares would have on the stock market prices.

[DN] "Would not most people sell their shares for 700 kronor and cause a slump in prices?"

[Lindbeck] "One can give tax subventions and get them to keep their shares and at the same time stimulate the domestic demand for shares, for example, as extra incentive to the planned general saving."

[DN] "If the non-Socialists followed your advice and promised clearly to abolish the wage earner funds after an election victory in 1985, by distributing the shares, what do you think Palme's and Feldt's move would be in the Riksdag debate this fall?"

[Lindbeck] "I don't know. They cannot say that the pension funds will suffer, 0.2 percent of the wages paid directly to the AP funds is many times more than the direct yield the wage earner funds were to pay in."

[DN] "Have you no advice for Palme and Feldt?"

[Lindbeck] "Happily I do not. Yes, I have one. They should tell the Federation of Trade Unions (LO) that it is pointless to institute wage earner funds, because it would be so easy and popular to abolish them. One cannot make system changes of this kind with the majority of 1 percent."

[DN] "By the way, would not the roughly 700 kronor be taxable?"

[Lindbeck] "No, it could take the form of a refund."

[DN] "Have you discussed your proposal with the opposition leaders?"

"No," answers Lindbeck.

9843

CS0: 3650/252

FELDT FEARS LO WAGE DEMANDS MAY FRUSTRATE INFLATION FIGHT

Stockholm DAGENS NYHETER in Swedish Jul 83 p 7

[Article by Anders Nordstrom: "Firm Measures Against Inflation"]

[Text] The government firmly believes that it is possible to decrease the inflation rate to 4 percent next year. But if the Federation of Trade Unions (LO) demands too steep a wage increase in the coming wage negotiations, that goal will be thwarted.

The Minister of Finance, Kjell-Olof Feldt, told DAGENS NYHETER this in a comment on the prognosis from the Institute for Business that predicts an inflation rate next year of 6 percent.

"Our goal in the government is still to lower inflation to 4 percent during 1984. In our judgment, this is totally realistic," says Kjell-Olof Feldt.

"The Institute for Business must have based their prognosis on the present conditions for inflation. But the government has never believed that the inflation rate would by itself go down to only 4 percent.

Forceful political measures of different forms are needed to succeed. The government will present these political measures this fall.

The factual price development that has occurred here in Sweden and abroad has strengthened my opinion that the goal is attainable.

But, on the other hand, the contract the Negotiating Cartel for Salaried Employees in the Private Business Sector (PTK) signed for next year works in the other direction. It is my opinion that the contract is too high."

Wage Increase

[DN] "LO recently sent a letter to the government stating that if there are no adjustments in the tax scales, they will try to push through a wage increase of 11 percent for its members during the next contract negotiations. What happens then to the government's goal of a 4 percent inflation rate?"

[Feldt] "Wage increases of that size are not compatible with the government's goal concerning the development of the inflation. I do not want to comment further on this question."

[DN] "Is a wage and price freeze probable to keep down inflation next year?"

[Feldt] "We have not discussed any wage freeze. I feel it is a very dangerous road to take. The government should not dictate wage contracts. A wage freeze is ruled out."

Price Freeze

[DN] "But a price freeze..."

[Feldt] "Yes, price freeze, we have had that before."

Today a number of government expenses rise at the same rate as inflation. Last spring the government said, however, that next year these expenses should be allowed to rise at the most 4 percent. Thus there would be no compensation for inflation above 4 percent.

[DN] "If the government does not manage to limit the inflation rate to 4 percent, it means a tightening that would strike at random. Is it not better to cut down according to definite political priorities?"

[Feldt] "The purpose of this kind of decision is to help fight inflation, not to function as a restraining policy.

But if we fail to lower the inflation rate, we will find ourselves in a situation, where budget deficit and unemployment will increase and exports decrease.

Then it does not help to talk about being compensated for inflation. A country with bad economy and higher inflation than the rest of the world cannot compensate that way."

If Inflation Increases

The government wants to limit a number of index regulated government expenses to, at the most, the stated 4 percent.

If inflation goes higher, there will be an automatic scooping out of a number of public expenses and contributions.

DN has calculated what will happen to some concrete expenses if inflation next year is 6 percent as the Institute for Business has predicted.

Defense receives in the latest budget 22,075 million kronor. The government has then decided on a further allotment of 250 million kronor for submarine defense, totalling 22,325 million kronor.

Should inflation next year be 6 percent, the defense allotment would decrease with the same percentage points, approximately 450 million kronor in today's value.

This is providing that the wage increases in defense follow the price development. Defense expenses increase according to a special defense index, where price and wage increases are balanced.

The Swedish aid to underdeveloped countries this fiscal year is 6,740 million kronor. If it increases 4 percent while the inflation rate is 6 percent, it will lose in real value a corresponding 135 million kronor.

A person with full handicap assistance receives this year 12,411 kronor. Should the assistance increase 4 percent, while inflation is 6 percent, the assistance will lose 2 percent of its buying power for the handicapped, or the corresponding 250 kronor in today's market.

Food subsidies this fiscal year are 3,800 kronor. They would decrease in value 76 million kronor if inflation is 6 percent. A liter of milk would be 4 ore more expensive than if the food subsidies had gone up at the same rate as inflation.

The coming wage earner funds may also be affected by the government's policy. According to a proposal by P.O. Edin, every fund should receive a corresponding basic amount of 20,000 kronor for which to buy shares.

The basic amount is a given sum that today is increased at the same rate as inflation goes up. A number of social subsidies are then issues, based on a certain percent of the basic amount.

Should the government choose to raise the basic amount 4 percent and the inflation rate is 6 percent, the five proposed wage earner funds would together receive 40 million kronor less next year than they would have, had the basic amount increased at the same rate as inflation.

Finally it should be added that the figures in the examples above can only give an approximate idea of what would happen should the prognosis of the Institute for Business be correct.

It is impossible to make exact calculations because government expenses are figured per fiscal year, that is from 1 July of one year to 31 June of the next. The government's inflation goal, however, is for the calendar year of 1984.

9843

CSO: 3650/252

YEAR OF KAFAOGLU ECONOMIC POLICY ASSESSED

Tally of Mixed Success

Istanbul CUMHURİYET in Turkish 18 Jul 83 p 9

[Text] The economy and the private sector had an interesting appearance exactly one year ago. The mangle of tight money and high interest rates brought about by the 24 January decisions was troubling the private sector--the domestic market segment in particular--and leading figures in the private sector were not very happy with the slightly authoritarian attitude of Turgut Ozal, the official responsible for implementing those decisions. It was also a fact that several segments of the society were not too pleased with the stability policy implemented under the guidance of the IMF.

When Ozal stepped down in this environment and in the aftermath of the Kastelli incident, and Adnan Baser Kafaoglu became the Minister of Finance, every segment of the society was overtaken with the hope that its own expectations would be realized and that there would be a new period of relief in the economy.

The expectations and the demands of the private sector were expressed at the general assembly meeting of the Turkish Union of Chambers in Ankara last September. What were the main demands among these? What did Kafaoglu do toward meeting these private sector demands, and what did he not do?

The main demands put forth by Turkish Union of Chambers Executive Council President Mehmet Yazar at the said general assembly meeting and the steps taken toward meeting those demands can be enumerated as follows:

--The healthy reformation of the capital market: Certain steps were taken in this area. The operation modes of brokerage institutions were redesigned and a "securities regulation fund" was established. However, nothing much was done in connection with establishing a functional securities exchange. Except for government bonds marketed at realistic interest rates, no new types of securities were developed to attract depositors' attention. Furthermore, no measures were introduced to encourage the buying of stocks.

--The reorganization of the banking system: On this issue it was demanded that banks' shareholding in companies and the companies' partnership in banks be

regulated by a new system, that the artificial interest competition be halted, that the charges imposed by the government on bank formalities be reduced and that the banks be made to reduce their operating costs. Kafaoglu's implementations which reduced some of the banks' liabilities and which pulled back interest rates on bank deposits by ten percentage points in two stages were entirely in conformity with these demands. The arrangements in connection with bank and company partnerships are included in the edict on banks, expected to be issued soon. On this issue, Kafaoglu must have received high points from at least one segment of the private sector. If only he could also reduce interest rates on credit...

--The enactment of the Reevaluation Law: This law, which would give the private sector the opportunity to reevaluate its active assets eroded by inflation, was finally enacted after a long wait under Kafaoglu. Although some provisions of the law were not exactly what was desired, the law provided the incorporated segment of the private sector in particular with the means to make substantial balance sheet changes and thus won points for Kafaoglu.

--The resolution of the declaration of wealth problem: In an unprecedented "wealth amnesty" operation, Kafaoglu provided for the renewal of old declarations of wealth with only a symbolic tax of 1 percent. Kafaoglu won points for this operation as well.

--The speedy payment of the government's debts to the private sector: The private sector's demand that the government speedily pay its debts to the contractors and the farmers was only partially met. There were new delays in government debt payments when the revenue collected by the government did not reach expected levels and deferred budget payments began to rise. Kafaoglu could not win any points from the private sector on this issue as a result of limited public funds, which are also restricted by the IMF.

--The revitalization of the public sector: The expected leap in this field also remained limited as a result of insufficient funds. While resources were channeled to the public housing fund in very small amounts, the construction sector could not shake off its crisis. In this area, hopes on Kafaoglu and Minister of Housing and Resettlement Ahmet Samsunlu, who took office together with Kafaoglu, turned out to be in vain.

--The revitalization of the domestic market: In this area, through certain changes in emphasis--such as pulling back interest rates--Kafaoglu managed to inject some "lifeblood" into the automobile and durable goods sector, and there was a partial revitalization in these sectors. But Kafaoglu did not win full points in this area because construction-based industries did not have their share of revitalization.

--Increasing the export incentives: Kafaoglu, who paid more attention to import operations and the domestic sector, did not win high points on the issue of increasing export incentives. There were delays in export credits in the second half of 1982, and there were occasional complaints in 1983.

--The resolution of the currency exchange differential problem: No far-reaching solution formula was found on this issue.

--Tax reform: Work is continuing on this issue--in which Kafaoglu has a lot of weight as an economist--but so far a final result has not been achieved.

--Reforms in State Economic Enterprises: The edict issued on this issue does not appear to be of a nature to solve many problems. Consequently, Kafaoglu is unlikely to win full points on this issue.

In conclusion, what Kafaoglu has done for the private sector outweighs what he has not done. When one takes into consideration that some of what he has not been able to do was the result of IMF restrictions, one should expect the private sector to give Kafaoglu a "passing" or even a "good" grade.

Ulagay on Kafaoglu Policy

Istanbul CUMHURİYET in Turkish 18 Jul 83 p 9

["Economy Notes" column by Osman Ulagay: "One Year of Kafaoglu"]

[Text] It has been exactly one year since Turgut Ozal left office and Adnan Kafaoglu was named Minister of Finance. During that year the continuing duel of words between the former captain of the economy and the new Minister of Finance sometimes assumed interesting proportions. Both Ozal and Kafaoglu did not miss any opportunity to exchange arguments even in their swimming trunks and shorts in beaches and tennis courts.

Meanwhile, of course, the economy did not stop. At the time he took office, Kafaoglu said: "The 24 January decisions have been successful to a large extent. However, the implementation has not gone down to the details. Simplistic methods have been used. It is necessary not evade hardship, to go down to the details and to work on this policy with all its intricacies like a lace." After a year of Kafaoglu's implementations, the economy has reached a point that is partially different from where it was a year ago.

In order to evaluate Kafaoglu's work in this one year, it is first necessary to recall the conditions under which he took office. Kafaoglu was brought to office in an environment where the problems piled up in the industrial and financial sectors as a result of the implementation of the 24 January decisions could no longer be covered up in the aftermath of the Kastelli incident. This was an environment where the upper echelons of the administration felt the need for intervention in the situation and where expectations for relief were rising in many segments of the society. Victims of the brokers' incident were hoping to recover their money, the industrialists were hoping for lower interest rates and currency exchange rate guarantees, owners of collapsing firms were hoping to be paid out, workers and public servants were hoping for wage increases and the farmers were hoping for better floor prices and prompt payments.

Kafaoglu's statements about "a new package", "a new approach" and "an interim program" from the very outset fueled these hopes, and expectations for fast growth in the economy rose.

One thing that was being forgotten was that the Turkish economy was constantly under the surveillance of the IMF. In his first major press conference, Kafaoglu said: "We will never forget that there are economic and social limits to suppressing the domestic demand using only monetary policies in our country, which does not have a desirable income distribution." However, after attending the IMF and World Bank meetings in Toronto, Kafaoglu appeared to have realized the reality of the IMF surveillance and subsequently did not refer to "new packages" and the social limits of the tight money policy.

What could Kafaoglu do under these conditions?

He could use public resources, which had an upper limit imposed on them by the IMF, for primarily domestic needs--as desired by an influential segment of capital circles-- and he could say: "Let export credits be delayed for a while; let us first support these weak firms and banks." He could introduce measures which would prop up the visibly shaky financial system and he could perhaps propose some new arrangements. He could also introduce the wealth tax exemptions, the tax easements and exemptions and the long-awaited reevaluation law which would give breathing space to virtually the entire private sector.

Kafaoglu did all these or at least tried to do them. He provided support to the large home-market-oriented holding companies, which had not done too well in the 24 January examination, and the shaky banking sector at the expense of adverse reaction from the export-oriented sectors which had received intensive government support under Ozal. While the bailout operations for Asilcelik, Istanbul Bankasi, Hisarbank, the Basak Group, Meban and Transturk were under way, interest rates on deposit accounts were pulled back and some of the banks' liabilities were reduced. Very generous income and property tax exemptions were granted. As a result of these measures, many firms which should "fail" the 24 January examination passed on favor, but everybody got a better idea about the strength of the Turkish private sector, which despite all these easements could not step on solid ground. Meanwhile, the reorganization of the banking sector, an area in which much was expected from Kafaoglu, has not been realized until today.

During this one year, Kafaoglu did not say anything which could be considered good news for the worker, the public servant, the small businessman, the small depositor and the farmer. In a statement immediately after he took office, Kafaoglu said: "We have no conflict with Turgut Ozal about workers' wages and agricultural floor prices." Apparently this was the only issue on which Kafaoglu fully agreed with Ozal and the IMF. Ozal went and Kafaoglu came, but the segment of the society working for salaries and wages always remained on the "sacrifice" side of the scale while others sat on the side where good fortune was handed out.

NO: 3554/1992

PRIME MINISTER INTERVIEWED ON LABOR, UNEMPLOYMENT

Istanbul CUMHURIYET in Turkish 18 Jul 83 pp 1,11

[Interview with Prime Minister Bulend Ulusu by CUMHURIYET correspondent Hasan Uysal; date not specified]

[Text] Ankara--Prime Minister Bulend Ulusu disclosed that 20 million workdays were lost between the beginning of 1966 and September 1980 as a result of strikes and that 39 million workdays were lost as a result of work place accidents during the same period.

Stating that the government is working to resolve the unemployment problem, Ulusu said: "The 4.8-percent growth rate targeted for this year will create new job opportunities for around 170,000 citizens."

Ulus said that he does not think that the wage increases granted to wage earners in the last 3 years were sufficient and that, however, as a society we are obliged to make certain sacrifices.

Responding to CUMHURIYET's questions, Prime Minister Ulusu also said that in the last 2½ years the Supreme Arbiters' Council [SAC] renewed 4,214 collective labor agreements covering more than 24,000 work places and 2 million workers.

Now are our questions and Prime Minister Ulusu's answers:

Question: In your most recent press conference you said that until 12 September 1980 ideologically motivated strikes were held which could not be considered rational or reasonable, that 1,654 strikes were held between 1966 and 12 September 1980 and that 20 million workdays were lost as a result. You stressed that that was a dark period and that we should not go through it again. How many workdays were lost due to occupational accidents during the same period?

Answer: Unfortunately too many occupational accidents occurred between 1966 and September 1980 and as a result 11,989 citizens lost their lives. The number of workdays lost due to these accidents is estimated at 38,986,850.

Question: Unemployment continues to be a growing problem in Turkey. Have there been significant increases in Turkey's work force in comparison to the past?

Answer: In the last 3 years, the country's work force increased by 1.31 million. The work force increased from 17,183,000 in 1980 to 18,493,000 this year. In 1981, the change in the gross national product became positive and as a result 123,000 new job opportunities were created in nonagricultural sectors in 1981 and 147,000 new jobs were created in 1982. The target growth rate for this year has been set at 4.8 percent. If we can attain this target, 170,000 new job opportunities will be created.

Question: Do you think that the employment opportunities you have mentioned are sufficient in the face of growing unemployment?

Answer: The rise in employment opportunities in the last 3 years is pleasing and hope inspiring. However, one cannot say that the increase has been adequate. If our gross national product had continued to have a negative growth rate, as was the case when we took office, and if we had not initiated a revival in the economy, we would not only fail to create new job opportunities, but also we would inevitably have far more unemployed people today than we already have.

Question: Do you think that the work of the SAC is adequate in concluding collective work agreements in place of the labor unions?

Answer: The SAC has been serving since 1981 to compensate our selfless and diligent workers--who are one of the most important elements of our economic development--for their labor and to protect their purchasing power. As of the end of June 1983, the SAC had renewed 4,214 collective labor agreements covering more than 24,000 work places and 2 million workers. This is a major success that should not be belittled. This year, net worker wages increased by around 9 percent in real terms if the tax cuts are taken into account. In 3 years, the legal minimum wage rose by 300 percent from 5,400 Turkish liras [per month] to 16,200 Turkish liras. In the agricultural sector the legal minimum wage rose from 4,800 Turkish liras to 13,200 Turkish liras [in 3 years].

Question: Do you think these raises are adequate?

Answer: The main goal of the raises given to our wage earners in the last 3 years was preventing the wages from getting eroded by inflation. It is impossible for us to find these raises adequate. However, we must be careful in order to be able to control the illegal and excessive inflation rates that existed before 15 September. As a society, we are obliged to make certain sacrifices.

Question: How much longer will the society have to endure these sacrifices? Is there a timetable on this issue?

Answer: We will have a stable economic structure at the end of this nationwide sacrifice and as a result of the economic revival. This stable economic structure will be the end of all the sacrifices that have been endured for such a long time.

TURK-IS TO ALTER ITS OPERATING PRINCIPLES

Istanbul CUMHURIYET in Turkish 18 Jul 83 pp 1,11

[Report by Isik Kansu]

[Text] Ankara--The draft charter to be submitted to the special general assembly meeting of Turk-Is [Turkish Confederation of Labor] today and tomorrow does not include the 24 principles adhered to by Turk-Is for years.

The 24 principles that are contained in the currently effective Turk-Is charter have been dropped from the draft charter which was approved by the Turk-Is Administrative Council.

Article 2 of the draft charter, which consists of 41 principles and 2 provisional articles, specifies the new purpose and the operating mode of the confederation. The draft charter states Turk-Is' purpose as follows:

"The goal of Turk-Is is to defend and to advance the rights and the interests of all those who work within the framework of human rights, the rules of pluralist and liberal democracy, the principles of Ataturk and the concept of a national, democratic and secular government of social law. Turk-Is resists communism, fascism, reactionarism, poverty, illiteracy and destitution, which impede the attainment of this goal, and activities aimed at damaging the territorial and national integrity of the state. Turk-Is preserves its independence with respect to political parties in the course of the activities it will undertake within the framework of its goal."

The draft charter bypasses the 24 principles contained in Article 4 of the current charter and goes on to the article about winning membership in the confederation. According to this article, only one labor union in a given work branch will be allowed to become a member of Turk-Is.

The draft charter specifies the mandatory organs of Turk-Is as the General Assembly, the Administrative Council, the Auditing Council and the Disciplinary Council. The current 24-member Administrative Council consisting of the representatives of the unions presently affiliated with Turk-Is will be reconstituted to be made up of leaders of the labor unions to be organized in the 28 work branches and will function as the Chairmanship Council. This council will be the consultative organ of the General Assembly. It will be a forum for voicing the problems of member unions and it will submit proposals to the Administrative Council on this issue.

The draft charter renames the current five-member Executive Council as Administrative Council, which will also consist of five members.

According to Paragraph K of Article 13 of the draft charter, if members elected to the Administrative Council do not resign their posts in unions they are members of within at most 6 months they will be considered as having resigned from the Administrative Council.

According to the draft charter, member unions of Turk-Is will pay the confederation 1 percent of the minimum daily wage in effect each month for each member who is paying membership fees to that union. Unions that do not meet this requirement deliberately or without excuse will pay the confederation a late fee of 3 percent each month for each union member.

According to the draft charter, Turk-Is may be dissolved by the decision of an emergency general assembly meeting convened specially for this purpose. A decision to dissolve the confederation will need the two-thirds majority of the delegates attending the said meeting.

Provisional Article 1 of the draft charter envisions the merger of Turk-Is member unions formed in the same work branch. The article says:

"It is essential that organizations which are members of Turk-Is and are established in the same work branch merge through negotiations among themselves. The sides are obliged to make every effort on this issue.

"Among such unions, those which have not merged by their own volition within 6 months after this charter has been approved will be invited to merge within at most 6 months by the Administrative Council after the Chairmanship Council has been established. The first general assembly meeting that convenes after this period will be asked to expel the unions which have not merged by the end of this period or which have decided to merge but which have not implemented the merger by the end of this period."

The Turk-Is Special General Assembly meeting, which will be attended by 312 delegates and which will last two days, will debate the draft charter prepared by the Administrative Council and will enact a new charter for the confederation.

According to the draft charter, the general assembly meeting which will elect the administrative organs of Turk-Is will convene in December.

Page 10
Date: 1964. 11. 11

PSYCHOLOGY OF GREEK ETHOS: FOIBLES, POLITICAL SHORTCOMINGS

Nicosia I SIMERINI in Greek 18 Jul 83 p 1

[Article: "Sharp Tongued Papyri: The Delusion of Superiority"]

[Excerpts] "Deep down, Greeks do not so much do injustice, as they delude themselves. They were born with the delusion of superiority..."

But perhaps I am wrong, dear friend? Perhaps I am looking at the admirable Greek breed through the eyes of age-sharpened resentment? No, no, I have been reading Aristophanes, Demosthenes, Euripides, Epicure, Zenon for many years and I have become increasingly certain that I am not alone in the way I judge them. No, my friend, I don't believe I am being unfair, when I say that usually, their intention is not to excel their adversary in worthiness and good reputation, but rather to slap them down, in the eyes of the world, below their own position, whichever that might be. They have brought the old "Hubris" down to its lowest level. At times, they believe that with this downward leveling, they are restoring their government to its correct foundation. If you wish to analyze their wish for equality, you will see that it is not derived from their love of justice, but from their jealousy of superior worth. "As long as I am unable," the Greeks say, "of climbing higher than you, then the least I can do is see to it that you will not go higher than I. This is how I reconcile myself with equality."

Greeks accommodate themselves to equality, because it is solely accommodation that makes them firmly believe that they deserve first place and agree to accept an equal one. Deep down, then, Greeks do not so much do injustice to others, as they delude themselves. They are born with the delusion of superiority.

You will also note, among Greeks, another delusion, that makes them overly appreciative of one quality which they may possess and underestimate others they may lack. I have seen cowards who imagined that they could excel others simply through their cleverness, and courageous ones who believed they could rise above others solely through their courage. I have seen clever ones who imagined they did not need science or wisdom to capture first place. I also have seen wise men who wanted to rise above clever ones and courageous ones only through science and wisdom. Truly, what little experience of life can these fools have! But I have also seen, dear friend, some virtuous men who

could not digest the fact they were not first in the city since they were first in qualities. Of course, they did not revolt, unlike the evil and cruel ones, but they either withdrew to their fields in silence and disappointment, leaving the government in the hands of demagogues and sycophants, or they poisoned their virtue and admirable words with the bitterness of their failure.

These are the passions and weaknesses that corrupt the leaders of Greek cities.

As for the followers of such leaders, they also possess their eccentricities in that blessed land. Followers, genuine followers, are only those who have definitely lost any hope of becoming leaders themselves. Thus you will notice that only people older than their leaders constitute their followers. There are very few who are followers because of ideological convictions or faithfulness to their leader; the great majority are adherents because they are forced to such position through circumstances, because they were unlucky, because they got fed up or lost their courage. That is why all of them are temporary and faithless members, waiting in the sidelines for evil times to go away.

However, even those who persist and remain followers are ceaselessly attempting to overthrow the leadership order and to manipulate the leader from behind the scenes. That is why you so often see that average leaders, who lend themselves so much more easily to the manipulations of their followers, are so much in demand. In many cases, it is not important to know who is the nominal leader of a given political movement, but rather who are those who are invisibly directing him. You see, there are some people who are not endowed with the qualities that make them worthy of the outward attributes of leadership, but solely with those they need for its essence, for exercising leadership; thus, such people are compelled to limit themselves to the role of prompter and leave to others, who possess the superficial qualities, the part of mouth-ing pleasantries on center stage.

CSO: 3521/402

BIOGRAPHIC DATA ON GOVERNMENT OFFICIAL K. PAPOULIAS

Athens TO VIMA TIS KYRIAKIS in Greek 31 Jul 83 p 14

[Excerpts] He will be departing for two tours to communicate Greek initiatives to the two ends of the globe which are now on fire or simmering.

Notwithstanding that his responsibilities encompass most of the globe and the bulk of the administrative side of his ministry, the "other" deputy minister of foreign affairs is so low-key that he is almost unknown. The person in question is Karolos Papoulias, who leaves for Geneva tomorrow where he will talk on the involvement of the EEC presidency in the U. N. International Conference Against Racism.

Introverted and particularly unassuming for a politician, Papoulias does not like to talk about his own personality at all. Whenever a journalist manages to draw him aside, he prefers to talk about the "challenge of my work" at the Ministry of Foreign Affairs, a job which keeps him at his office from early in the morning to late at night.

He speaks about the hours which he spends in his office not only without complaining, but with the enthusiasm of a person who--one would think, if he did not know him--began these interminable hours only just yesterday.

Born in Giannena, Papoulias has an enviable record of activity during the German occupation, when as a student in secondary school still he entered the Resistance against the invaders.

After the liberation he studied law at the universities of Athens, Munich, and Cologne. At the University of Cologne he defended his doctoral dissertation, and then became a scientific associate in the Institute for Southeastern Europe at the University of Munich.

The military coup found him in West Germany, where as general secretary of the Socialist Democratic Union Abroad and in cooperation with the other anti-fascist organizations he played a leading role in the mobilization of Greek workers and students against the dictatorship.

Since December 1974 he has been a member of the PASOK Central Committee and since April 1975 he has been secretary of the International Relations Committee and general secretary of the Mediterranean Studies Center, which in cooperation with other institutes for scientific research of the socialist parties in southern Europe and the Arab countries is concerned with studying problems in the Mediterranean area.

Karolos Papoulias was first elected as a PASOK deputy in 1977 in the nome of Ioannina, which he is familiar with as few other people are, since he has visited all the 340 villages located in it. In traveling with him during the election-campaign period in October 1981, when he was reelected deputy, even the most unemotional journalist could not help being moved by the affection displayed to him by the people in the villages of Ipeiros--people whose existence had almost been forgotten by the previous governments.

He must have a truly impressive memory, because in every village he knows persons by their first names. And he has managed, by the way in which he behaves toward them, to remove the distrust which is naturally felt toward "officials and governments" by people who for almost 30 years now have heard promises without ever seeing them being put into practice.

If Papoulias has one complaint it is that "I am no longer able to go there as often as I would like," as he confesses when he begins to speak about Ipeiros.

In the last elections, PASOK managed to do something which is considered to be unique: To upset the old balances which aimed at keeping the "fortress of Averof" impregnable, and to elect three out of the five deputies elected in the nome of Ioannina. In Giannena, they have no doubts that, as a veteran Ipeiros politician says, "people such as Papoulia have helped the cause."

12114

CSO: 3521/396

CONSERVATIVE PARTY AGAIN FORCED TO RETREAT FROM JOINING EC

EC Report Revived Opposition

Oslo AFTENPOSTEN in Norwegian 30 Jul 83 p 3

[Article by Alf Seeland]

[Text] The Conservative Party's handling of the European Committee's report has not exactly benefited matters, at least if the party still believes in Norwegian membership, which it does. Instead of making it clear that this is a solid analysis with inevitable conclusions, both the European Committee and the party have backed down and the result has been a further cementing of the results of the popular referendum.

It is questionable, in view of this, whether the Conservatives have helped to update the debate that was the main reason why the working committee of the party set up the committee last year and gave it a mandate that everyone could accept. After a week of emotional discussion, the report has acquired an academic tinge and it is unlikely to be the working document that the party refers to most often in the future. As the first thorough analysis by a political party in this country, the report deserved a better fate. It must also create a strange impression outside our own millpond that this was all that happened before the debate died down.

It has been said ad nauseum that neither Norway nor European cooperation has been standing still for 11 years. Even so, until the Conservative analysis, political parties in this country have behaved as if everything had stayed the same. It has only been within the two biggest parties that there has been a climate and a desire to think about outside matters; this thinking has not yet seen the light of day in the Labor Party. For the middle parties, program statements about Norway and Europe have been carbon copies of statements from previous years.

In executing policy, however, Norway has slowly and steadily adjusted to EC developments, without troublesome protests from anyone in Storting. Way back in the Korvald government, they were forced to see the necessity for

including a development clause in the 1973 trade agreement and then Foreign Minister Dagfinn Varvik would have liked to continue the cooperation with the emerging EPS [expansion unknown] that Norway had in the "honey-moon period."

In 1979, Odvar Nordli was the first Norwegian prime minister since the referendum to go to EC headquarters and along with Knut Frydenlund he began the effort by raising the annual conferences by the "mixed committee" to a political level, discussing issues outside the framework of the trade agreement and establishing an information arrangement between Norway and the EC countries' foreign policy cooperation. As prime minister, Gro Harlem Brundtland stated at an international seminar in Oslo in the spring of 1980 that she was sure there would be a natural rapprochement to EC which in the long run could result in EC membership. Current Foreign Minister Sven Stray came back from Brussels last year with a "separate agreement" that at the very least, after all the cosmetics have been cleared away, demonstrates Norway's need for insight into and consultations with EC.

Everything was going slowly and "naturally." It was not until the Conservatives pointed out where the development is leading that the traditional opponents made a move and the Center Party chairman declared that his party would not sit in a government with an EC-oriented Conservative Party. For some, rejecting membership is a principle, for others it is tactical wisdom. What is acceptable to all, however, is a development and a policy that shows an increasing need for getting even closer to EC.

The adamant EC opponent, editor Andreas Hagen, said in OSTLENDINGEN years ago that in the long run this would lead directly to membership. That is the only protest that has been registered against the European policy that has actually been pursued.

That should make EC friends in this country feel good. But what no one has any reason to feel satisfied about is the poverty of the Norwegian debate on our foreign policy in the immediate vicinity. As Storting President Odvar Nordli pointed out in a recent talk with AFTENPOSTEN, there is a basic lack of involvement in issues that concern our part of the world. We are much more likely to have firm opinions on remote problems.

The reactions to the Conservative Party's analytical report merely underline Odvar Nordli's heartfelt sigh.

Coalition Parties Opposed

from AFTENPOSTEN in Norwegian 30 Jul 83 p 3

Text] The political parties have formed their opinions to varying degrees on how Norwegian European policy should be dealt with in their programs prior to the next Storting election. It is clear that the report from the

Conservative Party's Executive Committee will be the main document when the biggest government party expresses itself, without actually agreeing to membership.

Labor Party secretary Ivar Leveraas recalled that a subcommittee of the International Committee is currently working on European policy. Leveraas claimed to detect an increased interest in the party after EPS became a major factor on the European scene. "It is easier to discuss European co-operation as long as one excludes the question of membership," Leveraas said and revealed that the first draft of the party's working program will be ready next September. It is anticipated that the Labor Party will concentrate in particular on the possibilities for further expanding Norway's contacts with the foreign policy cooperation of the EC countries.

Not much thought has been given in the Center Party to this major foreign policy question. The party's chairman, cabinet minister Johan J. Jakobsen, has noted the clear limitations implied in Norway's consultation arrangement with EC's chairman nation and he even views it as an "advantage that Norway retains its political freedom of action with respect to the power centers of international politics." Opposing membership is a party principle, he concluded. The Center Party has not begun working on its program for the next Storting election. No document on European policy will be worked out by the Center Party.

The chairman of the Christian People's Party, Kjell Magne Bondevik, does not view our form of affiliation with EC as a question of principle for his party. He recalled that in 1972 the party was sharply divided, a situation that still applies. The Christian People's Party has no plans either of making a separate analysis of its program treatment of the European issue, but Bondevik conceded that it might be necessary from time to time to sum up developments in Europe and the effect of Norway's agreement with EC. For such eventualities, the party has an International Committee, headed by Jakob Aano, chairman of the Storting Foreign and Constitutional Policy Committee. "We will not come into such active affiliation with EPS as membership," said Christian People's Party chairman, cabinet minister Kjell Magne Bondevik.

Stands of Parties Summarized

Oslo AFTENPOSTEN in Norwegian 30 Jul 83 p 3

[Text] "Today we have an economically and politically strong Western Europe. The EC countries are coordinating their foreign policy to an increasing extent. This necessitates close Norwegian cooperation with EC and the individual EC countries. The cooperation should be based on the trade agreement," according to the Labor Party's working program for the current Storting period. The Labor Party wants to build up consultation arrangements "that enable Norway to participate in forming Western European policy."

Under the heading, "Cooperation in Europe," the Conservative Party program spends more than 2 pages on developments in EC and the effects on Norway. The Conservatives demand "an active Norwegian stance to counteract a passive Norwegian acceptance of the effects of the decisions made by EC." It is recalled that EC is constantly being expanded with new member nations, the balance is being shifted toward southern Europe, a joint foreign policy is being developed and Norway will soon be the only European NATO country outside EC. The Conservative Party avoids cementing the trade agreement in its program and goes farthest in formulating concrete cooperation arrangements with EPS. The party also wants to be affiliated with EC's monetary cooperation and Norwegian participation in scientific areas.

The Center Party writes: "It is natural for Norway to establish good relations with EC. One should openly discuss which forms of cooperation and contact will best protect Norway's interests in Europe. This work should be based on the popular referendum of 1972."

All the Christian People's Party's programs has to say is: "Our relationship to the European Community (EC) must continue to be based on trade agreements."

6578

CSO: 3639/154

MOST CHRISTIAN PARTY VOTERS BACK NEW CHAIRMAN BONDEVIK

Oslo AFTENPOSTEN in Norwegian 30 Jul 83 p 3

[Text] Nine out of ten Christian People's Party voters regard Kjell Magne Bondevik as a good leader for the party. Some 64 percent of the entire population--regardless of party affiliation--share that opinion, according to a survey the Norwegian Opinion Institute made for AFTENPOSTEN. The KRF [Christian People's Party] chairman has stronger support in Sorland and Vestland than in Trondelag and North Norway.

Kjell Magne Bondevik is the third man in the NOI [Norwegian Opinion Institute]/AFTENPOSTEN series on people's evaluations of party leaders. And he takes first place as far as popularity is concerned. As you may recall, Labor Party leader Gro Harlem Brundtland was designated a "good leader" by 44 percent of all those asked--and 71 percent of her own voters. Center Party chairman Johan J. Jakobsen received 59 and 87 percent respectively, while Bondevik can point to 64 and 91 percent.

"Do you think that Kjell Magne Bondevik has been a good or bad leader for the Christian People's Party?" That was NOI's question to a representative selection of the nation's adult population. The latter response was chosen by 18 percent and 17 percent were unsure. If the responses are broken down into categories, it turns out that Bondevik has somewhat stronger support from women (68 percent answered "good" compared to 60 percent of the men), and from older groups of people. Among those over 60 years of age, 68 percent considered him a "good leader," while 58 percent of those under 30 gave that response.

Furthermore, as mentioned above, it seems that enthusiasm for the young party chairman is somewhat unevenly geographically distributed. In the north and in Trondelag, 31 percent thought his effort should be described as "poor leadership," while the "good" percentage in the southern and western part of the country were well above the average--69 percent.

It is also interesting to see how the KRF chairman was evaluated in the ranks of the different parties. In his own party, the vote was 91 to 4 when it came to the "good/bad" alternative. In most of the nonsocialist

parties the "good" percentage was also above average. Among Conservative voters, it was 67 to 18 in Bondevik's favor; in the Center Party it was 85 to 7 and in the Liberal Party it was 77 to 10.

Some 57 percent of Labor Party supporters thought Bondevik is doing a good job, while 23 percent thought the opposite--a result quite similar to the one for Progressive voters. The Socialist-Left Party had the most doubters on this issue--28 percent, while 46 percent thought Bondevik is a good leader and 26 percent considered him a poor leader.

The survey was conducted in June.

6578

CSO: 3639/154

PRESIDENTIAL ELECTIONS ALREADY SOURCE OF SPECULATION

PS-PSD Agreement Foreseen

Lisbon EXPRESSO in Portuguese 9 Jul 83 p 1

[Text] Jaime Gama, minister of foreign affairs and a member of the Socialist Permanent Commission, regards an agreement between the PS [Socialist Party] and the PSD [Social Democratic Party] on the presidential elections as inevitable, he said in a lengthy interview published in the issue of ABC which goes on sale today.

"Already the Alliance will be put to the test on the governmental and parliamentary level," Jaime Gama told that same publication. He went on to add: "It is obvious that if this stage is successfully completed, it will have to be given proper expression in future electoral events, either for the presidency of the republic, for the self-governing bodies or for the autonomous regions."

Later on Gama explained: "I think that where the legislative and regional elections are concerned, because of their notably political nature, the two parties should run separately. This is a way in which the partners can establish the terms of the balance of forces in regular fashion."

In answer to a question posed by ABC as to whether the candidacy of Soares for the presidency would entail entrusting the post of prime minister to the PSD, Jaime Gama said: "Of course not, although the election of Mario Soares would have to be contemplated later, in terms of balance between the two parties."

Soares Candidacy Discussed

Lisbon DIARIO DE NOTICIAS in Portuguese 15 Jul 83 pp 15-16

[Article by Oscar Mascarenhas]

[Excerpts] About 2 years in advance, political circles in Portugal have already undertaken to discuss the coming presidential election. The fact that it is certain that Ramalho Eanes will not be able to run again has made it necessary, since his reelection, to look for alternatives to the general and to prepare a safe path to guarantee a good potential as candidates for them.

When the AD [Democratic Alliance] was already slowing down, a short time prior to the resignation of the cabinet, it was rumored that Freitas do Amaral was preparing for the 1985 electoral confrontation, since the figure-head of the PSD, Pinto Balsemao, had lost influence, and since that political sector would lack a suitable candidate of its own. But it was also said that this was not true, that Freitas do Amaral believed that the man most entitled to occupy the Belem Palace would be Mario Soares, because of his role in the defense of parliamentary democracy.

Soares' Retort

Mario Soares, emerging victorious from an internal battle in the PS in connection with the reelection of Eanes, had already then won back a high place in public opinion. Sectors in the PS alienated from him and the communists were accusing him of ignoring everything in terms of the party program to promote his candidacy for the Belem post. Soares systematically ignored the insinuation that he had that post in view. However, and this too is symptomatic, he never formally denied the possibility. We noted this in a recent television interview in which Soares was presented frontally with the question of his candidacy for the presidential post. He answered with an evasive and somewhat long circumlocution. "You have not answered the question," the interviewer interrupted. "I have answered sufficiently," Soares replied, leaving no room for doubt.

When only these two individuals--Soares and Freitas--seemed certain candidates, an EXPRESSO poll brought a surprising possibility into the arena (the greatest surprise was the positive impact reflected by those polled). This was Mario de Lurdes Pintasilgo. If we take the results of this poll as accurate and stable, the country would be divided into three sectors of almost the same size: one-third for Soares, another for Pintasilgo and a third for Freitas do Amaral. In that order, with an insignificant point difference. A fourth individual--Mota Amaral--provided a surprise in terms of his limited support from those questioned.

Many things have happened since. Lurdes Pintasilgo, becoming involved in the establishment of the Movement for a More Profound Democracy, has given evidence of little enthusiasm for the political struggle in the superstructures of the state, at least in the short run. On the other hand, his appointment as an adviser to the United Nations University in Tokyo, on the recommendation of the Vatican, will have opened up other and qualitatively different prospects for action.

Role of a Military Candidate

The university was also the sanctuary in which Freitas do Amaral took refuge. He is now an assistant professor of political science, with a thesis on caretaker governments. The CDS [Social Democratic Center Party] did not take kindly to his retirement from political life, and the effects were not long in coming: the centrists chose leaders, Lucas Pires and Adriano Moreira, who were hardly in harmony with the preceding president and who were situated in the political sector without competition, following the PSD coalition with

On the last Press Club program on the RTP [Portuguese Radio-Television System], Lucas Pires gave a hint of being able to pull the rug out from any future candidacy on the part of Freitas do Amaral. He admitted the possibility that the former centrist leader might be proposed for the Belem post, on the one hand, but he considered the possibility that this choice might fall to a military officer on the other. The mere acceptance of the possibility of a military candidate represented something like a provocation of Freitas do Amaral, a definite defender of a civilian in the presidential post.

Probably the CDS will have no other alternative left. The intention of Lucas Pires and Adriano Moreira, with or without the AD, is to occupy all of the space of the earlier coalition--the promised advance toward the center. This proposal could hardly be viable with a civilian who could provide cohesion. Not even Freitas do Amaral, aside from whether he leaves the party or creates another, would appear to have the capacity to win support away from the PSD. A military candidate, then. But who? If he were from the specific political sector of the CDS, or if he were identified with it, the proposal would naturally be doomed to failure. The ideal person, for the centrists, would be someone with sufficient prestige in the military institution, with demonstrated evidence of agreement in a political sector which overlaps the PS itself, and which rallies right-wing sympathies, not to speak of the possible support of sectors regarded as Eanist.

Portuguese democracy has this interesting aspect: civilians are always identified with political sectors and they remain linked with them; the military people are too, but there is a pretense that they are not. The CDS cannot nominate a civilian who is not affiliated with it for the presidency. But it could do so with a military officer. It is only a question of political tact and skill in dispelling some of the haze obscuring the outline.

Soares and the PSD

The name of Mota Amaral has been put forth, but his chances are likely to have been threatened by recent events within the PSD. The leader from the Azores, although he rallies solid support among the social democrats, is not a candidate who enjoys a consensus. He is closely linked with the image of Balsemao, or at least so they say, and he is regarded by the right wing of the party as Eanist. On the other hand, the EXPRESSO poll showed him to be in a very poor position for running for office (with about 7 percent).

We come then to the strongest contender in this whole slow journey leading to 1976--Mario Soares. It has even been suggested that the present prime minister might not head this government, purposely awaiting the presidential elections. But suddenly, and there are those who connect this with a trip to Washington, Mario Soares himself announced that he would be the prime minister given a PS triumph in the elections.

Negotiations pertaining to the coalition with the PSD ensued. At this point, there were rumors to the effect that the social democrats were preparing a banana peel for him to block his candidacy. In the expectation that Soares would be planning to govern for only a year and to turn over his post to

Almeida Santos, the PSD arranged to demand of him, as a prerequisite for the coalition, that the secretary general of the PS agree to head the executive branch for 4 years.

The details of the negotiations were not revealed, giving it the distinction of being one of the truly secret things to have happened in Portuguese politics, and thus it is not known if the PSD even presented that proposal. Very probably the issue was sidestepped, in view of the fact that no mention was made of the presidential issue in the agreement summary document.

A Developing Campaign

The sponsorship of Soares is slowly being undertaken by the socialist sectors supporting him, which now control the party apparatus and the parliamentary group bloc, apart from the fact that they will have an overwhelming majority in the next congress. The election of Soares as president of the PS is foreseen, in an effort to place him somewhat above the petty party quarrels, and thus in a better situation from which to run for a nonpartisan post, which the presidency of the republic is generally viewed as being.

Abandoning the Cabinet in Midstream

Two questions arise concerning the certain candidacy of Mario Soares.

Will the socialist leader remain at the head of the cabinet until the electoral campaign?

What effect will the PS-ISD government have on the candidate's image?

It seems clear that Soares will depend heavily on the success the present government achieves. Seen from outside, the intention to run for the Belem post might serve as a positive counterweight to the government policy being pursued. The truth is that although it is located in the center of the political spectrum, the ninth government has two (parliamentary) oppositions which are rather weak, in numerical terms, and without a potential for coalition. It can then govern, with a certain degree of disdain with regard to its adversaries. In addition, the CDS, unlike the PCP [Portuguese Communist Party], which has begun with a profound attack, has shown itself to be a reasonable opponent, obviously waiting until the government has finished "dealing the painful blow all at once," to paraphrase Jaime Gama, in order to be able to participate more brilliantly when the executive branch undertakes to do things gradually.

Without the spice of opposition, it may contribute to Soares' presidential ambitions to view political activity in a broader sense than the rights and losses of the maneuverable seats in the parliament. And it is also possible that on the contrary, he will decide to gamble everything on a card favoring one of the two extremes in the political spectrum. With the coalition assured, he might try to win over sectors of the CDS (the PCP would be less likely). This would appear to be a task without rewards and with a high price in the socialist sector itself.

To leave the government in midstream, as the only way of preparing to run for the Belem post, would in any case be a controversial solution. However much a government might shine--and this one does not seem in a particularly favorable position to do so--there will always be those who will argue the contrary. And the best trump would be to claim unceasingly that the helmsman left the vessel and failed to take responsibility for it. What has been happening recently in the AD is plain to see. On the other hand, remaining in the cabinet would mean bearing the burden of the unpleasant consequences of all of the disagreeable actions by the government. Given this dilemma, what choice should be made? Certainly the choice of one solution or another will be indicated, when the proper time comes, by what in fact can be concluded about the practical government actions.

New Elements

Whoever the potential candidate for the Belem post may be, he will have to measure his steps in this long race which, it cannot be denied, has already begun, very carefully. There will, naturally, be surprises, about-faces and blockades. New elements will be introduced into the process, particularly in the PSD sector, where a cautious silence has been maintained. Balsemao, after his triumph, damned by the party leadership, in the presidency of the IPSP, promised to act, in an interview he granted to DIARIO DE NOTICIAS.

The PCP now appears to be in a calm position. Invulnerable to enticement by the PS, it may adopt an approach of frontal opposition. Last October, when in a televised debate between Cunhal and Soares, the former was asked if he might possibly support the latter as a candidate, the PCP leader laughed. He recalled the tale of the jumping frogs, and commented: "I do not know what frightening beasts we would have to swallow alive to provide such support."

And Eanes? What role might he play in this process? With the promises (more an expression of his own will than reports based on fact) of some Belem sources a thing of the past, we are left with only the statement reported in the Finnish newspaper HELSINGEN SANOMAT. The president is "certain that the beginning of a solution will be found by 1985," being confident that "certain persons may begin to influence Portuguese politics in a way which will contribute to this development." And he made this promise: "I myself am ready to do everything to facilitate the advance of an individual such as to create conditions so that replacing me will be easier."

For himself, Ramalho Eanes is prepared to serve as a "reserve for the nation."

The facts (some of them) are there.

5157

CSO: 3542/173

BIOGRAPHIES OF NEW GOVERNMENT PERSONALITIES SUMMARIZED

Tito de Moraes
President of the Assembly of the Republic

Lisbon O JORNAL in Portuguese 9 Jun 83 p 13

[Text] He abstained from the vote on the PS [Socialist Party]-PSD [Social Democratic Party] agreement, and he is being challenged by some of the "radical" deputies in the PSD for belonging to a hypothetical "Algiers group." His name is Manuel Tito de Moraes. He was born in the year the republic was established, and he is the No 2 man among the "historic" PS figures, and he will now occupy the president's seat in the Assembly of the Republic.

The founder and editor of his party's official organ, PORTUGAL SOCIALISTA, Tito de Moraes, according to close friends of his, has had a secret aspiration: to be president of the Assembly of the Republic. However, even just prior to his election, he carefully excluded any initiative of a personal nature, telling us the following: "It was not I who chose to be a candidate, but my party which nominated me."

The single candidate for this prestigious post in the state hierarchy, Manuel Tito de Moraes, although officially (as the PS-PSD agreement provides) supported by the government coalition (and unofficially, by the PCP [Portuguese Communist Party]) which he did not endorse, he was nonetheless challenged by conservative deputies (more by isolated individuals than by this or that sector) in the PSD.

The issue now dates back some time. It is the so-called "Algiers Group" to which Tito de Moraes, while in exile, belonged, along with Manuel Alegre. It was a group which, among other things because it urged methods of "direct action" to oust fascism and because its members included some deserters who did not want to wage Salazar's colonial war, was, naturally, displeasing to many individuals in the more conservative or right-wing sectors.

The antifascist profile of Manuel Tito de Moraes has in fact been unanimously approved by the whole of the Portuguese left. On 31 January 1981, on an occasion when his comrades in the Socialist Party honored him, Tito de Moraes stated: "If homage there be (on that day), it is addressed to all of those who fought for freedom, whatever the sector or political party to which they

belonged, since I collaborated with all of them to free our people from the fascist and colonialist yoke."

Tito de Morais, 73 years of age, the son of the Republican admiral of the same name who ordered the bombing of the Royal Palace on 5 October 1910, is married to Maria Emilia Tito de Morais, the manager of PORTUGAL SOCIALISTA, and he is the father of Joao Tito de Morais, who was the manager of the ANOP [Portuguese News Agency]. He was trained in electrotechnical engineering at the University of Ghent in Belgium.

Prevented from engaging in his profession in Portugal, he settled in Angola, where he was the representative of Gen Humberto Delgado as a candidate. Earlier, Tito de Morais was a member of the central commission of the Democratic Union Movement (MUD) and a leading figure in organizing the electoral campaign of Norton de Matos.

When the colonial war began, he was arrested in Angola and transferred to Lisbon. When he was released, he left for France and then Brazil, where he founded the Popular Democratic Union.

In Algiers, where he went next (1963), he was a member of the Revolutionary Junta, the leadership body of the Patriotic Front of National Liberation (FPLN), and he was one of the founders of Radio Voice of Liberty.

In 1964, with Mario Soares and Ramos da Costa (now deceased)--and it is thus that Tito de Morais is today the No 2 man among the "historic" PS figures, he established the foundations of Portuguese Socialist Action.

This organization develops contacts with various European parties, in particular that in Italy, which is the sector of which Tito de Morais is in charge. In 1966, Tito de Morais left Algiers to settle in Rome.

Recalling his antifascist past in Italy, where he lived from 1966 to 1974, serving as the main official in charge and sponsor of SOCIALIST PORTUGAL, operating in clandestinity, the Italian secretary of state for foreign affairs last year awarded Manuel Tito de Morais the insignia of a Grand Officer of the Order of Merit of that country, in which connection President Sandro Pertini paid homage to him.

A deputy to the Constituent Assembly and the Assembly of the Republic, Tito de Morais was secretary of state for labor under the Sixth Provisional and First Constitutional Governments.

The parliamentary abilities of Tito de Morais have been recognized not only within his party, where all have praised him for the consistency and firmness of principle he has always evidenced, but more widely as well. In 1978, he was elected vice president of the Parliamentary Assembly of the Council of Europe, being the first Portuguese citizen to serve as one of the officers of that body.

Tito de Moraes was vice president of the Assembly of the Republic in 1977. He is now returning to the legislative rostrum, but this time as the No 2 man in the state hierarchy, and also in the "historic hierarchy" of the PS.

Manuel Soares da Costa
Minister of Agriculture

Lisbon O JORNAL in Portuguese 9 Jun 83 p 9

[Text] Two members of the leadership of the ISA [Higher Agronomy Institute] Students' Association (independent, and unaffiliated with the JSD [Social Democratic Youth])--president Antonio Luis and Jose Relvas, who is also a member of the Board of Directors of the ISA--have said that "following some unsuccessful experiments, the school will again have an agronomical engineer heading the MAP [Ministry of Agriculture and Fisheries]" (it has already had before: for example, Oliveira Baptista, during the Vasco Goncalves governments, and later, during the PS government, Lopes Cardoso).

The school is the ISA, in Tapada, and the future head of the MAP is Prof Manuel Dias Soares da Costa, 49, who graduated there, in 1957, with 16 points. He is a man who lived for some years, following the 25 April events, in Canada, where he pursued his activities as a researcher working for a large enterprise which offered him a lucrative contract.

The successor to Basilio Horta has double citizenship--Portuguese and Canadian. Although he has lived abroad, no one at the ISA can say that Soares da Costa was "reformed." In fact, they tell us, many professors were, after 1974, but no one was able to push aside the man who, working against the obstacles created by those who do not want the reorganization of the school, took the side of the Students' Association and the bodies in which it is represented to ensure the launching of this reorganization in the name of modernizing agricultural education in Portugal and moving closer to European levels. He will thus have been the only professor to defend the positions of the Students' Association in the stage of studies pertaining to reorganization. This attitude has been identified with a desire to be regarded as the "standard-bearer of the reorganization of the ISA."

A man of open mind and facile expression, with a certain corrosive humor, sometimes directed toward the students, he is regarded as an exception in a scientific council of which a certain haughtiness or arrogance is typical, although there are those who describe him as extremely ambitious.

For those who know him and are aware that Soares da Costa belongs to the shadow cabinet and the PSD Studies Group, the choice was welcomed as natural. Soares da Costa is believed to have accepted earlier, at the time of the formation of the government of Vitor Crespo, with whom he has longstanding ties of friendship. An early member of the PSD (at a given point he was the critical replacement of Pinto Ganhao on agricultural matters), he made his contribution to the Progress and Social Democracy Institute (IPSD), in particular after he returned from Canada to the ISA. He has had links with that institution from a very young age, as he served as a monitor there even before he had completed his studies.

As is natural, not everyone shares the same opinion. There are occasional charges from certain professors, or attributed to them, to the effect that he is reactionary. This charge is apparently lacking in any sense because what "the professors fear in this colleague of theirs is his great competence and the authority of his theories. There is also the fear that the reorganization of the courses will put an end to certain privileges."

But if there are those who think thus, there are also those who recognize a certain negative spirit with regard to everything which has happened since 25 April, a concern already revealed in letters and other writings, perhaps less orthodox. The older generation of professors, for example, do not sympathize with him, and not so many months ago yet it was said that he isolated himself when he tried to exclude Varennes de Mendonca from the presidency of the ISA Scientific Council, a post of which, other sources say, he continues to "dream." It also appears to be true that as a professor in the Eighth Group of Disciplines at the ISA, Soares da Costa was slighted when it came to the allocation of funds for his courses, as a result of the criteria adopted by the Board of Directors.

Married and the father of three, Manuel Dias Soares da Costa has dedicated his professional and scientific activities to the animal production sector, as a nutritionist in particular. Regarded as the leading world authority in the poultry-raising branch, he is one of the pioneers in the development of the compound animal feed industry. He is the author of numerous research works and served as coordinator for a number of research projects at cooperatives and universities in North America and agricultural research centers in Europe.

Unlike some of his predecessors, Soares da Costa has no contact with the farming sector. A supporter of the farm industries, it is believed probable by some of those who have followed his career that he will relegate the primary sector to a secondary level, basing his strategy on the following vectors: support of small and average farmers at the center, structural change in the MAP and support of poultry producers.

On the other hand, his theses concerning Portuguese membership in the EEC are well-known. He bases this membership on certain requirements, which would necessitate a profound revision of the ISA courses and even the role of this old institute in the training of specialists.

Gaspar da Silva
Secretary of State for Foreign Affairs and Cooperation

Lisbon O JORNAL in Portuguese 9 Jun 83 p 15

[Text] Luis Gaspar da Silva, 55, the new secretary of state for foreign affairs and cooperation, has been linked with the cooperative sector, in particular where the Portuguese-speaking African countries are concerned, since January of 1980.

His long diplomatic career, which began in 1955 after his university education in law, has involved service at the embassies in Karachi and Madrid,

the secretariat of state, the United Nations section, the information and press departments, the consulate in Montreal, the embassy in Tananarive and the consulate in Paris, even prior to 25 April. He remained here until 1976, then went to the embassy in New Delhi, after which he was appointed nonresident ambassador in Katmandu.

He headed the Portuguese delegation to the Sartoc meeting (in the Mauritian islands), as well as the delegation to the conference on cooperation with Latin America in Rome.

While Andre Goncalves Pereira headed the MNE [Ministry of Foreign Affairs], the appointment of Gaspar da Silva to the embassy in Moscow was expected. Later this idea was set aside, and it was regarded as a certainty then that Gaspar da Silva was to go to the Portuguese Embassy in Oslo.

Closely linked with cooperative problems, this official has played an important role in the development of relations with the African countries, where he is well-known and highly regarded. Gaspar da Silva is usually considered close to the PS.

Alipio Dias
State Budget Director

Lisbon O JORNAL in Portuguese 24 Jun 83 p 14

[Article by Cesario Borga]

[Text] He recognizes that the duties of the manager of the state budget make him a kind of housewife for the nation's finances, required to disappoint ministers and ministries with budget cuts, and throughout the year, to deny or pare away financial reinforcements for undertakings which often "should not even have been begun."

Alipio Dias is 40 years old and married, and served as secretary of state in the finance sector under four governments. He missed appointment as a minister by a hair. An affable man, he pursues conversation in simple words, interspersed with charming stories. He constantly repeats that he basically regards himself as a technician. "Politics," he explains, "was an accident in my life."

Alipio Dias is the living evidence of how the exercise of politics in the economic and financial area is entirely subordinate to technical capacity today. To talk with him for an uninterrupted half hour, without a minute's break ("I want to be at the Assembly of the Republic at 3," he said. "The minister is making a speech") is to reach the conclusion that the economy has become too important a matter to be put in the hands of politicians whose career in the art began with the faculties of law or letters, or simply in the pragmatism of the trade union schools. Minister of Finance Zenha was in fact an aberration along a very particular path.

The biography of Alipio Dias is full of academic feats (professor of statistics, econometrics, financial balance analysis, welfare accounting), and he has had a management career (enterprise administrator, bank manager). However, where political militancy is concerned, there is only one line in the biography distributed at the time the first Balsemao government was formed. "He is a member of the Social Democratic Party." We asked him about it. He smiled, saw that we were waiting, and answered promptly. "I ended up here at the ministry almost by chance, thanks to Prof Jacinto Nunes, in 1978. I think that this was due to the fact that he saw in me the technical capacity for the Secretariat of State for Finance, which he headed then under the government of Prof Mota Pinto.

"But I do not have political ambitions. I never felt particularly drawn toward activity in public life." However, we noted, he joined the PSD, and one joins a party to become politically active. "I joined the PSD thanks to Dr Sa Carneiro. I was here in the ministry in the post I hold today, working with Prof Cavaco Silva. One day he said to me: 'Dr Sa Carneiro wants you to run as a candidate for deputy from Oporto.' I had always been affiliated with the social democratic sector, and had excellent relations with many people in the PSD and the Socialist Party as well, or that sector of it also regarded as in the social democratic area. The invitation intrigued me because of its source, but I did not want to run as a candidate. I never had any knack for speaking in public. I like to get along with people, but this is not the same thing as speaking to large crowds. However, Sa Carneiro insisted. One day, Prof Cavaco Silva told me that he was even determined to nominate me. I then telephoned him and told him I would accept, despite the doubts I felt. When they brought me the papers to sign, the portion pertaining to party membership was blank. But at that time I felt that in order to run for a deputy seat I should belong to the PSD, and so I joined the party."

Despite this affiliation, Olipio Dias admits that he never had occasion to be very active in the PSD, and as a result, he is not familiar with the party apparatus from the inside. He continues to place his work at the ministry above party activities. "Just a few days ago," he said, "I was scheduled to go to Oporto for a session to commemorate the ninth anniversary of the founding of the party, but I had to stay here and work."

It is this same explanation again which justifies the fact that he was appointed as manager of COMERCIO DO PORTO. "I was working with the Borges group and in 1971-72 I was entrusted with a study of the possibility of purchasing the newspaper. The study I made then did not recommend the purchase. The enterprise was breaking even, that is to say was not producing a profit. Therefore, it did not represent a wise investment of capital for the bank. But the leadership of the group had other ideas, and the newspaper was bought. Because I had studied the matter I was appointed to manage the newspaper as a representative of the bank. I purposefully refused to accept any money for this function, which was added to my bank activities. Some months later, when it was necessary to choose a manager, matters became complicated and they insisted that I accept the post. And so it was that I was the administrator of COMERCIO DO PORTO between 1973 and 1975.

The private life of Alipio Dias, he told us, is dictated in large part by his work at the ministry. He never fails to have breakfast with his children every morning, "but at dinner time they often have to wait for me, because I almost always arrive late."

The talk turned again to budget management and to the economic policies which have been pursued in recent years. Alipio Dias admits that when he joined the ministry in 1978, and later, in 1980, things were in fact much better, but he did not waste time on explanations when we asked him why we have reached the point we have. "The economic policies are, to begin with, good. The problems develop later. There are things which were predicted but did not come about, and others which did occur but should not have." I asked him to be specific, but he did not go much further, and also the time available to us was short. He spoke of the investments made later and those projects, some of them at the end of the 1960s, which are still today real whirlpools, sucking up money.

I asked him what causes him the greatest concern with regard to the near future for our collective. "What worries me personally," he said, "is the feeling that we will be forced to reduce our standard of living considerably." I asked him if he believes this is inevitable, perhaps in the hope of detecting some line of belief in a less painful outcome to the crisis. "Without a doubt, it is inevitable," he responded without hesitation. "We only have two mechanisms for controlling the situation, prices or rationing." "Apart from these things," he added, "there is only a great collective effort, indeed a very great one, to increase production. But to achieve this," he said in conclusion, "we must all understand each other very well." I saw that he was not very optimistic as to international recovery. He insisted that respect for the budgetary limits is basic, as a point of departure which is rapidly outdated, but with a ceiling which, if possible, we should remain below.

Our talk had reached its end. The parliamentary debate would begin in a few minutes. Alipio Dias wanted Ernani Lopes to be able to rely on him at any time, even to speak from the rostrum, if necessary. Two hours later, he knew that it would not be necessary. Alipio Dias returned to the ministry, like a monk to his cell, and resumed his work of meditation.

Jose Anselmo Dias Rodrigues

Assistant Secretary of State to Minister of State Almeida Santos

from O JORNAL in Portuguese 24 Jun 83 p 15

[et] Jose Anselmo Dias Rodrigues is assistant secretary of state to Minister of State Almeida Santos. The mass media will be one of the sectors in which the juridical and administrative aspects will be assigned to him, although it is regarded as certain that the basic decisions to be made in this area, specifically those involving political considerations, will not be

Anselmo Rodrigues, now 42, has known Almeida Santos, with whom he worked for years, since the 1960s. They met in what was then Lourenco Marques.

After working with the Organization Commission for the National Students Gathering in Coimbra (where he took a degree in law from the university) in 1962, he was called up for military service. After demobilization, he went to Mozambique with a letter of recommendation to Almeida Santos from Fernando Vale (a historic figure in the democratic opposition and the PS in the Coimbra region).

Back in Portugal, he attended the Supplementary Juridical Sciences Course, again at the University of Coimbra Faculty of Law. And in 1966, he was admitted to the bench by the Office of the Attorney General, and he was assigned successively to the judicial districts of Sertão, São Pedro do Sul, Olhão and Lisbon, where he served as an inspector of the PJ [Criminal Investigation Police].

Known among his colleagues for his independence of thinking with regard to the dictatorial regime, he has had some problems. After 25 April he was appointed assistant to the attorney general of the republic. Leaving that office, he became a magistrate under the Ministry of Internal Administration, still under the provisional government. As a judge, he cannot be regarded as a socialist militant, although he can be regarded as affiliated with that sector. And, curiously, he was one of a graduating class from law school with a certain penchant for the mass media. José Carlos de Vasconcelos, Daniel Proença de Carvalho and Luís Fontoura are among his former classmates.

The new secretary of state was one of the founders of the Progress and Justice Association, headed by José Magalhães Godinho, and is known for his industrious and serious qualities. He has contributed, as an MAI [Ministry of Internal Administration] adviser, to various works having to do in particular with the National Electoral Commission. He does not now nor did he ever have any involvement with mass media problems.

Horácio de Carvalho
Civil Governor of Faro

Lisbon POVO LIVRE in Portuguese 13 Jul 83 p 2

[Text] --35 years of age.

--A lawyer who served as a deputy to the attorney general of the republic.

--President of the Municipal Political Commission of the PSD [Social Democratic Party] in Portimão.

--Member of the Portimão District Assembly.

--Official in charge of the Land Registry in Lagoa.

--Author of numerous technical-juridical works.

--Candidate for Deputy for the Faro district in the 1979 and 1980 legislative elections.

--Currently Vice-president of the Faro District Political Commission of the

Moura Guedes
Civil Governor of Lisbon

Lisbon POVO LIVRE in Portuguese 13 Jul 83 p 2

[Text] Born on 11 January 1925, law degree from the University of Coimbra. Past president of the Coimbra Academic Association, administrative secretary and member of the Cultural Council.

Practices law in Torres Vedras and Lourinha.

Founding member of the SEDES [Society of Studies for Economic and Social Development].

Contributes political and regional articles to the regional press.

Elected as Constituent Assembly deputy for the Lisbon district. Former elected member of the Permanent Commission of the Parliamentary Group, and member of parliamentary work commissions.

At the Aveiro Congress, he was elected to the National Secretariat of the Party. Elected as a deputy to the Assembly of the Republic by the same Lisbon district, he is a voting member of the Parliamentary Group Board, elected in February 1978. At the Sixth Congress held in Lisbon in July of 1978, he was elected to membership in the National Political Commission.

He paid an official visit to Bulgaria at the invitation of the government between 16 and 23 May 1977. He served as a deputy in the Assembly of the Republic in 1979 and 1980. He was president of the Parliamentary Group of the PSD from June 1981 to January 1982.

Aires Querubim
Civil Governor of Vila Real

Lisbon POVO LIVRE in French 13 Jul 83 p 2

[Text] Dr. Aires Querubim was born in Marco de Canavezes on 24 September 1931.

He obtained a degree in law from the University of Coimbra in 1960. In 1981 he took the Supplementary Juridical Sciences Course at that same faculty.

He served as vice president of the CADC.

He is president of the Prisoners Project.

Since obtaining his degree, he has served as deputy to the attorney general of the republic in Arganil and Lousa and section chief of the General Registries and Notaries' Offices headquarters.

Currently he is practicing law and serving as registrar-notary in Santa Marta de Penaguião.

He was president of the Peso da Regua Firemans' Board and president of the General Assembly of the Alto-Douro-Peso da Regua Hunting and Fishing Club.

He served as president of the District Commission of the PSD in Peso de Regua, and is currently president of the Vila Real District Political Commission.

At the Fifth National Congress of the PSD, he was elected a member of the National Political Commission of the Party.

He has served as a member of various national councils.

He was appointed civil governor of Vila Real in February of 1980.

He was reappointed to the same post in July of 1983.

He is married and has four children.

Alvaro de Barros Marques de Figueiredo
Civil Governor of Viseu

Lisbon POVO LIVRE in Portuguese 13 Jul 83 p 2

[Text] He was born on 2 April 1933.

He was a member of the opposition bench representing Liceu, during the regime deposed by the 25 April 1974 movement. He completed the seventh year at the Dom Joao III Secondary School in Coimbra.

He was always a member of the opposition to the dictatorship, and, stating this attitude openly, he later completed the first year of studies at the University of Lisbon Faculty of Law, which he left to devote himself to agriculture, working in and managing a farming sector operation in the Dao region, mainly involving wine growing. He undertook some experiments in the cultivation and mechanization of viniculture there, and today maintains an experimental field affiliated with the National Vinicultural Studies Center.

Similarly, he engaged in orchardry.

With the introduction of new farming activities in the region, such as livestock breeding, he went into the fattening and raising of cattle and swine for slaughter.

A convinced advocate of cooperativism, he served successively on the board of the Mangualde Farm Cooperative, the Mangualde Olive Growers Farm Cooperative, the Mangualde Wine Cellars Cooperative, where he served as president of the board, and the Dao Wine Cellars Cooperative Union.

With the advent of the events of 25 April 1974, he served as a member of the District Political Commission of the PSD. He was not only one of the founders of the party in the district of Viseu, but also its candidate for deputy in the elections for the Constituent Assembly. He ran and was elected as a deputy to the Assembly of the Republic in the 25 April 1976 elections.

Jose Augusto Seabra
Minister of Education

Lisbon POVO LIVRE in Portuguese 16 Jun 83 p 4

[Text] Jose Augusto Seabra was born on 18 February 1937 in Vilarouco, Sao Joao da Pesqueira. He is married and is a professor at the Oporto Faculty of Letters. He occupies the chairs of modern Portuguese literature and literary theory, and also supervises the graduate courses in modern and contemporary literature in the romance languages.

From his youth, he was a member of the democratic opposition to the Salazar regime. He was arrested and imprisoned for political reasons, and was later forced into exile for 13 years. He did not return to Portugal until after 25 April.

A deputy representing the PPD [Popular Democratic Party] of that era in the Constituent Assembly, he was a member of the Basic Rights and Freedoms Commission. He was also involved in issues pertaining to education and culture. He was a member of a Constituent Assembly delegation to the European Parliament.

He was editor of the newspaper POVO LIVRE in 1975, and as such, deputy secretary general of the PPD of that time.

Later he devoted himself mainly to pedagogical, civic and cultural activities, giving lectures and participating in seminars and discussions throughout the country, and in Oporto and the north in particular. He consistently advocated decentralization and regionalization from a social democratic perspective.

A known poet and essayist and the author of numerous books and studies, he was one of the founders and is the literary editor of the periodical NOVA RENASCENCA.

In the scientific research field, he is secretary of the Literature Center at the University of Oporto.

He served as president of the Commission for the Installation of the National Literature Museum, which was recently established, and is a member of its Scientific and Cultural Council.

Contributor to innumerable daily and weekly periodicals and journals, he coordinates the Culture and Art supplement to the newspaper O COMERCIO DO PORTO, for which he writes a regular column. A radio and television commentator on politics, he is among other things responsible for the RTP [Portuguese Radio-Television System] programs (1+1=1).

Activities have extended to foreign countries also. He was an adviser to the [Organization for Economic Cooperation and Development] on scientific matters and taught as a professor at the University of Paris-X (Nanterre). He has given numerous lectures at French, Spanish, Brazilian and American

universities and cultural institutions. He is an honorary member of the Semitic Society of America.

Various of his works and poems have been translated into French.

He was elected as an independent deputy for the Oporto district on the PSD slate in the April 1983 elections.

Soares Costa
Minister of Agriculture

Lisbon POVO LIVRE in Portuguese 16 Jun 83 pp 4-5

[Text] Manuel Jose Dias Soares Costa, who has a degree in agronomical engineering from the Lisbon Technical University (UTL), is a university professor in the Eighth Group of Disciplines (Department of Animal Production) at the Higher Institute of Agronomy (ISA). He was born in Lisbon on 19 March 1933, is married and has three children.

During his secondary school years, he attended the Pasos Manuel High School in Lisbon. He obtained a degree in agronomical engineering from the ISA in 1957, winning the high score of 19 points on his final dissertation. In 1957 he also launched his teaching career as assistant to the Chair of Zootechnology at the Lisbon Technical University.

In 1968, having won unanimous approval in public competitions, he was appointed special professor at the Higher Institute of Agronomy. He also holds the academic title of licensed professor at the UTL, and presently holds the professorial chair in his profession on a permanent ISA appointment. He is the representative of the permanent Commission of the Eighth Group of Disciplines on the ISA Scientific Council.

During his already extensive teaching career, he has held the chairs of agricultural zoology and general zootechnology, and presently occupies the chairs of special zootechnology and compound food technology. He is also coordinating professor for all of the disciplines involved in the Animal Production Department, the first and oldest school of agronomy in the country.

Since he obtained his degree, Prof Manuel Soares da Costa has focused his professional and scientific activities on the animal production sector, a field in which he specialized, winning particular distinction as a nutritionist. Until 1968 he headed the Animal Nutrition Studies Laboratory, and has served on numerous commissions and work groups assigned to study, report on and draft programs for the development of animal production in our country. He was one of the technical pioneers in the development of the compound animal feed industry in Portugal. He was a founder and director of the Association of Industrialists which preceded the present Association of Compound Animal Feeds Industrialists. For a number of years, he was a member of the Portuguese Animal Nutrition Technical Commission, and has been one of the great promoters of the legislation regulating the industry. He is also a member of the Portuguese Technical Commission for the Standardization of Animal Feeds.

He is currently a member of the Higher Standardization Council.

His scientific publications include a number of research works and various publications covering different aspects of animal production, more particularly nutrition and poultry breeding.

For about 5 years he was the technical services director for a large Canadian enterprise which is a world leader in the genetic development of poultry for eggs and meat. In the exercise of these functions, he had an opportunity to direct various poultry development projects in a number of African, Latin American and Asian countries, and he carried out a number of missions as an adviser to the poultry industry in the United States, Canada and several European countries. He was the coordinator of a number of cooperative research projects with American and Canadian universities and poultry research centers in Europe.

Familiar in depth with the world poultry industry, which he has had occasion to observe in more than 60 countries, he is today internationally known as a poultry expert of extraordinary competence. He has participated in numerous international congresses and seminars in his specialty, at which he has presented a number of works, often as a guest lecturer.

In the past 7 years he has delivered more than 60 lectures in about 25 countries, and his bibliography of works on poultry nutrition is available worldwide today, through works of his published in 13 different languages.

Professor Soares da Costa is a permanent member of the Domestic Animal Feeds Commission of the European Zootechnological Federation, and he is also a member of the American Poultry Science Association and the Canadian section of the World Poultry Science Association, and an honorary member of the Royal Veterinary Academy of Catalonia.

He is one of the most longstanding members of the PSD, having joined the party in the early days of June 1974, immediately after the founding of the PSD. He served with the Agriculture Studies Group in 1974 and 1975, and became its coordinator after the First Party Congress, held in November of 1974. He still holds this post.

He was elected a member of the National Council of the PSD at its Tenth Congress in February of 1983.

DIPLOMATIC RELATIONS WITH ISRAEL POSSIBLE BY LATE SUMMER 1983

Political Contacts

Madrid ABC in Spanish 20 Jul 83 p 19

[Article by Alberto Miguez]

[Text] The Spanish Government is waiting for a "signal" from Israel to establish full diplomatic relations. According to some analysts, this may happen soon, maybe by the end of this summer when the withdrawal of Israeli forces from Lebanon begins.

The King recently granted an audience to the unofficial ambassador of Israel to Spain, Samuel Haddas, Israeli representative to the World Tourism Organization, headquartered in Madrid. Haddas also carries the title of observer at the Security Conference. The audience was strictly a public gesture, but in the current circumstances it had a very special significance. Haddas has repeatedly declined to comment on what he and the King talked about, but it seems obvious that it was anything but a protocol exercise.

On July 27 Iberia Airlines will begin regular biweekly service between Madrid and Tel Aviv. In the second week of August the Israeli national airlines, El Al, will in turn begin similar service between Tel Aviv and Madrid. Iberia and El Al will thus take over from several private companies which in the last few years had been building up an increasingly heavy charter flight tourist traffic both ways between the two countries.

Political Tourism

But it has been the "political tourism" especially that has been stepping up lately. A few days ago the President of the Senate, Jose Federico de Sarrailh, visited Israel and talked with top people in that country. Other recent visitors to the Jewish state were Deputies Marcelino Oreja (ex-UCD) and Miguel Angel Martinez (PSOE), who were with a mission from the Council of Europe. The exchange of information between the police and perhaps the intelligence services of the two countries is a well-known fact. Rafael Sanjaume and some of his staff were recently in Israel, and a team of Israeli antiterrorist specialists is expected to arrive shortly in Madrid for informal discussions with their Spanish counterparts on techniques of

identification, detection of explosives, and border control. The Israeli are experts in the latter.

Top-level leaders of the Popular Alliance, Popular Democratic Party, UGT, and PSOE will be traveling to Israel in the next few days. Current Cabinet ministers, such as Javier Moscoso or Jose Marionuevo, visited Jerusalem last year, weeks before the PSOE pulled off its triumph. And the theme of establishing relations has been kept up in the last 6 months as one of the pending subjects of the "diplomacy of change."

During his stay in the United States, Felipe Gonzales met with top people in the Jewish community, including Edgar Bronfman, president of the World Jewish Congress and an important businessman (leading importer of Spanish wines to the United States). J. Torcziner, another vice president of the Jewish Congress and a tourist business promoter, was received by top Spanish personages several days ago in Madrid.

The American and Israeli press have made frequent references to the difficulties that Spain faces in establishing relations with the state of Israel because of "Arab pressure." Official Spanish sources have constantly denied that our government might be susceptible to such pressures, and the prime minister said the same thing when asked. Naturally, a "warming-up" operation has been under way in the last several months in anticipation of mutual recognition, which some commentators are already predicting for the end of August.

According to one commentator, Foreign Affairs Minister Fernando Moran did not attend the meeting between Prime Minister Gonzales and the leaders of the American Jewish community, which proves the detachment of the Ministry of Foreign Affairs from the recognition process.

Two Tendencies

It seems obvious that inside the Spanish political power structure there are two opposing tendencies: one which is waiting for the "right time" and favors indefinite postponement, and the other which places its bets on a quick and unplanned gesture pegged to some kind of international event that might demonstrate Israeli "good will" in the peace process.

Defenders of the first position are mostly concentrated in the Foreign Ministry, following the line held by Ministers Oreja and Perez-Llorca. Both in the PSOE and within the Prime Minister's Office there is no support for the second alternative.

The imminent partial withdrawal of Israel from Lebanon (total withdrawal depends on the unlikely withdrawal of Syria and the PLO) could be the occasion awaited by those who find in the present situation a serious void. "The more serious obstacles to mutual recognition have been overcome. It's now just a matter of picking a date," an important Israeli leader passing through Spain told this correspondent a few days ago. It remains to be seen now whether such viewpoints are shared at the highest levels of the Spanish political hierarchy.

Call for Immediate Relations

Madrid ABC in Spanish 20 Jul 83 p 15

[Editorial]

[Text] A serious contradiction within foundation of Western coexistence must immediately be corrected. This is the matter of the possibly imminent establishment of full diplomatic relations between Spain and Israel. Normalization has a reach that extends beyond the two nations, to the extent that it puts the two strategic platforms that protect both ends of the Mediterranean on terms of better understanding. The harmful absence of normal dialogue between the two nations stems from mistakes and misunderstandings on both sides, from the complex political and military evolution of the Middle East, from diplomatic ramifications in themselves, and, to a lesser extent, from the accumulated inertia that has built up behind this contradiction in our foreign policy.

This unusual situation had its origins in shared responsibilities and accumulated misunderstandings. There is little or nothing in it that was casual or strange. Certain diplomatic actions have much in common with the warlike actions that begin hostilities: it is always easy to see how they start but never how they can be ended. The initial Jewish intransigence has been stretched as a justification to cover 35 years. But now it is time that this pretext be stopped. And it is time for many reasons, not the main one possibly but certainly as important being the fact that Spain and Israel are both ruled in liberty.

Most important of all, the most solid reason for the establishment of full relations between Spain and Israel is the deep-rooted bond of blood and culture between the Spanish and Jewish peoples. A Sephardic Spain, exiled and scattered over centuries, speaks our own tongue even in Israel and in other countries of the Middle East. Sephardim of Egypt during Nasser's time were able to get out of that country as Spanish citizens with passports made available to them by our embassy in Cairo. This was when the serious tensions between Egypt and Israel made them fear, with good reason, for their freedom or even their lives. And earlier, during World War II, non-Sephardic European Jews were saved through Spain from Nazi persecution. Later, other episodes of political convulsion in North Africa saw Spanish protection extended to thousands of Hebrews, who found in Spain a cordial reception that went far beyond simple political asylum.

Practical realities since then have more than made up for the deficiencies, the errors, and the vacuum formalities that had developed in the relations between the two countries. And by the same token, as further evidence of what we have just been stressing, we must mention the interest with which Jewish culture is cultivated in Israel in all different kinds of learning centers and in the numerous, widespread, and influential social, political, and economic Spanish-language and Hispanic cultural media. Even more can be added about the increasingly important collaboration extended to Spain by

the intelligence services of the Jewish state in the fight against terrorism. And here the paradox sticks is even more pronounced. Here is a state with which we have full diplomatic intercourse, in fact a complete ideological identity between their governments and ours. And while we are discussing contrasts, we should also point out how the competition between the agricultural products of Israel and those of Spain work to the advantage of the countries of the Mediterranean basin entitled to preferential treatment by the EEC. This has never been nor will it ever be resolved in practice in terms that can approach, as far as conflict goes, the agricultural protectionism of the southern-tier EEC members, with France in the forefront and Italy and Greece bringing up the rear in rationalizing and foot-dragging.

If Hispanic-Israeli diplomatic recognition were merely to acknowledge existing contacts and cooperation, formal relations would already have been established long ago between Spain and Israel. But even counting such contacts as a precondition, which is much more than is usually required for normal relations between states, there have still been obstacles like those noted at the beginning of this commentary and difficulties of political and legal suitability which should be mentioned.

For any Western country which has had relations with Israel since the very beginning or since before the territorial changes brought about by the successive wars with the Arabs, the de facto changes in the territorial base of the State of Israel had practically no de jure effect. For Spain, obviously, the question was quite different. What "extent of the state of Israel" was it that we had to recognize? Based on the legal and political doctrine of the United Nations, our diplomacy had to distinguish between the originally established boundaries of the Jewish state, as set up in 1948, and the areas annexed as an outcome of later wars. To overlook such a distinction would be an outright endorsement of what the UN itself essentially objects to, even beyond differences in interpretation of Resolution 242.

We hope that whatever recognition might be worked out can duly get around these obstacles and that, by the same reason, it might contribute significantly to the reestablishment of a just peace in the Middle East. Spain's proper attitude toward the conflict will have to be redefined and developed if we really mean to play a more profound role in mediating between our two friends. To confront each other, our friends in Israel and our Arab friends. Relations with Israel are necessary, but it is also necessary that they be bilateral. It is to be harmful to no one but, rather, advantageous for all.

11/10/01

11/10/01 35.8/4.78

PROBLEMS CONFRONTING PCE ANALYZED

Madrid MUNDO OBRERO in Spanish 1-7 Jul 83 pp 41, 42

[Article by Julian Ariza Rico]

[Text] I believe that not a single party militant exists who is unaware that our crisis has not as yet been overcome: that the perspective of the 8 May elections mitigated differences and tensions but that its causes have not been resolved; that in the major leadership organs there are serious divisions. These differences in the leadership have, basically, a political origin. However, so that it might take shape, the idea has been propagated that the main problem consists of personal differences between the present and the former secretary general and allegiances to both.

The press--although not only the press--has taken responsibility for spreading the word that a so-called Carrillo undercurrent exists. There are even those who would have us believe that the unstated intention of the former secretary general is either again to take over that post or place one of his staunch followers in it.

Since the claim of contributing to the party's making its own judgments on the fringes of the "leaks" which are sometimes given to the press, I want to express my own viewpoint on what is going on and point out where I think some of the causes lie.

There is disagreement over the manipulation being perpetrated with December's national conference. For me its basic value lies not in the political subjects which were debated but in the effort to project toward the party and toward society an image which might facilitate the task which was approaching and allow us to recover electoral ground.

The use of a sort of border in the conference is intended to make us forget, for example, that the fraternal recovery of the party began the night of 28 October(?) and electoral recovery has had one of its main bases in the policy of the PSOE, frustrating for the more conscientious sectors of the left. The harping constantly on the phrase "starting with the conference" ends by producing the effect surely being sought: some taking the blame out of caution and the responsible silence of others has allowed us to wage an electoral campaign with sufficient internal tranquility within the party.

This sense of responsibility, translated into silence dear to the party's opinion has made it easier for disturbing measures to have been taken because of its deliberateness and because of the methods used. Thus, in the course of the shakeups above, in the middle and below which were deemed necessary, only those involving Ballesteros, Leopoldo Alcaraz and Hoyos in the secretariat, and not necessarily in the context of a debate over political and organic deficiencies as was foreseen. Then comes an urgent meeting of the executive committee in an effort to pass judgment on the intervention by Carrillo in Cine Europa de Madrid. Intervention which was not allowed to be published in MUNDO OBRERO and about which the present secretary general up and accused Santiago, among other things, of comparable seriousness, of trying to break up the party. Subsequently the flagrant action by known comrades when they projected their public image on Spanish TV during the electoral campaign--may the comrades remember and recall which faces appeared and which faces did not, among the latter the face of the deputy secretary general, Jaime Ballesteros. It must be said that Spanish TV asked the party leadership for actions which it might consider most outstanding to be recorded. Other kinds of actions--like those of participating in meetings with party organizations, for example--other comrades tolerate them. But, also in recent weeks Gerardo Iglesias has held eight meetings in Madrid with groups of lawyers, artists, economists, university people, CASA workers and individuals from the neighborhoods of Entrevias, Vallecas and Carabanchel.

The characteristic of these meetings is that they were starred in by former party members, kicked out of it or separated from it; that no one from the Madrid regional committee leadership went to these meetings and, what is more meaningful, with three exceptions, the leadership in Madrid finds out about such meetings after they are held, in spite of the fact that its secretary general, Adolfo Pinedo, is a member of the PCE secretariat.

With one or another variation, such a practice has been followed in other provinces by other comrades of the leadership.

But why all this? Can anyone state that he answered personal questions? I believe not. They are related to other political problems to which I am going to refer. First I consider it necessary to point out that one effect of all the foregoing is the attempt to pinpoint one sector of the leadership in whom, indirectly, efforts are being made to ascribe responsibilities:

the handling of the crisis of the so-called reorganizers; lack of internal democracy (people are now saying that the XI congress "completely reestablishes the democratic character of the party," which strives to have us believe that in other times democracy existed, then ceased to exist and is now going to be reestablished; "mistakes in policy from 1979 on," a statement which in this context abounds in the idea of attributing the greatest responsibility on "others." Lastly, it is also a question of pinpointing the scope of the problem by stating that "the crisis is not in the party but in the leadership."

Until a few days ago it was difficult to nail down the serious political differences which exist and which, I repeat, are related to the problems

which I have just pointed out. Now it is beginning to be easier since there exist articles such as the recent ones in NUESTRA BANDERA and MUNDO OBRERO.

Inasmuch as it is impossible to analyze in depth each and every one of those problems, with the greatest simplification possible, here are some of the ones which are reasons for greatest divergence:

--Disagreement over that practice of meetings with groups of former comrades, not only because they were held on the fringes of the corresponding world and because of what they represent as disapproval of steps taken at different levels of the respective leadership in defense of the party, but above all, because new members must be the result of the attraction exercised by a clear policy, some clearcut signs of party identity, acceptance of the rules of the game symbolized by the statutes--which before and after the Tenth Congress permitted the free expression of differences of opinion up to limits which few communist and non-communist parties recognize--and finally because those contacts hint at unacceptable concessions. What follows is to create the best political and organizational conditions, which will make it easy for communists who left to come back and, above all, to bring in many thousands of sympathizers whom we have not as yet succeeded in getting to join forces with us.

--Disagreement with the viewpoint which is claimed to provide the mass party model (see the article by Gerardo Iglesias in the latest issue of NUESTRA BANDERA) in which in passing I call it significant that the word "reorganization" was repeated twenty times. Among others the reasons for the disagreement are:

The idea that relative to mass movements the party should "encourage social intrigue with no intention to control it." This reflects a strange concept of our role since in politics "controlling" does not mean manipulating but equates to "leading." If we are involved in a social intrigue and we do not lead it, it is obvious that others will lead it, on the fringes, and, most probably, against us.

The idea that mass party unity is the fruit of "the consensus of broad influential sectors in society" (no comment).

The idea that in the union "we have moved backward relative to the first stage of CC.OO. in our concern for their independence..., the party was then more inclined to listen to the various opinions..., " which is really strange because at that time and even after the death of Franco there existed "united" or us comrades who met before the CC.OO. meetings so as to come to an agreement. But above all, it persists in the error that party problems relative to CC.OO. must be viewed with a lack of respect for their independence when the real problem is the serious divergences between comrades who work in the union, a fortuitous result of the fact that for some we have moved about, and still move about, freely. The problem that at times two comrade candidacies occur in CC.OO. congresses is not the cause of party interference but the effect of differences between communists which force the party to intervene and which out of habit for the independence of

the comrades relative to the party--that is the problem--almost never can such a double candidacy be avoided. What results then is to resolve political differences with maximum participation, democracy and visibility and lastly democratic centralism with all its consequences.

Without exhausting the many examples, the thing that expresses my deep-seated disagreement is that, although we speak of unity, of opposition to organized trends which, say what you will, the reorganizers of last year did not ask for as directly--the party concept which makes a point is like a drop of water and another drop of water against which the reorganizers took up a defense before and during the Tenth Congress. Such a concept could attract progressive sectors who consider that the basic part of politics is the exercise of power from the institutional framework of the system, and as a result, believe that the party's role is to find political know-how which will attract the largest number of votes by workers and popular levels. I say we all want this. But while such a party concept starts from the concept of how to be in mass and social movements, my opinion is that the essential thing is clearly to define why we are. This is not a minor theme. Because if we wish to be in favor of transforming society, even when we place ourselves first in the defense against the specific problems and demands of our class, what could happen to us is that even when we have a just policy, we do not get millions of votes. The thesis sometimes heard that goodness of a policy measures the political support given it is neither Marxist nor can the party defend it. Because such a thesis would have us believe that Margaret Thatcher is carrying out the fairest policy in England and that even the fairest policy in Spain is represented by Felipe Gonzalez. And with what a difference! In short, even though it is quite clear that Eurocommunism demands that an evaluation be placed insofar as possible on the election returns, the relationship of the party with the masses and with society should be inspired not in being limited to laying hold of the feeling in such moment of those masses, synthesizing it and giving it back to the masses in the form of political action, but indeed laying hold of that feeling yet putting it through the crucible of class and Marxist analysis and come up with proposals going beyond reality in such a way and with such skill that, without separating ourselves from the masses, we draw away from them in the direction of social transformation. Stated in a few words, we cannot base our political proposals on sociological analysis but on class and Marxist analysis.

As the result that the concern facing the party should also be concentrated on ideological recovery. And so as not to fall into ideologisms or testimonialisms but so as to try to bring a halt to the real problem which today is turning up in the worker movement in our country, as in the enormous number of reformist, social-democratic alternatives. Ideology is what can protect us from ideologism and leftism. In the report to the executive committee for the Eleventh Congress--and I believe we all consider this congress crucial--I have heard that there exists the "danger of going back to ideologism and testimonialism;" "do not wait for revolutionary conditions which will not materialize;" "do not fall into fatalisms;" "do not fall into great revolutionary truths;" "choose a nondemagogic alternative to the crisis;" "work up a credible alternative." So much insistence, so much

warning in a party which for years has lacked a training school for cadres worthy of the name; in which the vast majority has read practically nothing of Marx, Engels nor Lenin--in that majority are many of our cadres up to the maximum limit--that insistence, I repeat, shows ignorance of the fact that many of the political misunderstandings and problems of identity experienced by tens of thousands of comrades relative to the party and its role in society, start specifically from ideological deficiencies. Therein indeed must we criticize ourselves without relief. In the dilemma which society and our own party (which, let us not forget, has four deputies) are in, the main question is not to see how we can manage to have 15 or 20 in 1986. We must place the center of gravity on how to improve our image by making use more and more of public opinion polls and less and less of the objective situation of the workers and popular sectors, which can lead us, although without seeking it, more to electoralism than to the confidence in which independent preparation of action alternatives, worked on with maximum participation of our own comrades--who live, know and suffer reality --and led and guided by leadership organisms--which they therefore are-- and win sooner or later the support of the worker class and those popular sectors.

The target must be to win over more shares of real power in society with our policy and not have society dictating policy to us which we must perform thereby to have space in the administration of the system but with no capability to change it.

And that does not mean we do not know what the people are feeling. But if we forget that in the people's feelings, in any capitalist society, the ideological and political apparatus of the very system weights decisively, we could make a serious mistake. With the result that without falling into the temptation of doctrinalism, in such a case the battle would be lost in advance, we must become involved in gaining ground on the bourgeoisie and its control apparatus, aware that it is a long, hard and difficult task.

In summary. Some of us believe there is a process aimed at replacing the kind of party which we have so as to adapt it to what the "reorganizers" wanted, which in turn would result in a kind of policy in which the determining factor would be to obtain votes. This may seem a simplification, but it is the bottom line of the problem. Thus there are serious divergences.

4416
80: 3548/469

ROCA ON CATALAN POLICY, ELECTORAL POLITICS, AUTONOMY STATUS

Barcelona AVUI in Catalan 7 Jul 83 p 9

[Interview with Miquel Roca, assistant secretary general of the CDC, by J. Andreau; date and place not specified]

[Text] Question: In the most recent convention of Democratic Convergence of Catalonia (CDC), you resigned as assistant secretary general of the party; why did you accept the post again?

Answer: Because President Pujol, who is the secretary general of the party, asked me to, and because I believe that the party needs to be put in readiness before the elections. This is a party which has not been affected by the crisis and has grown more and more, as was shown in the last municipal elections. Five hundred mayors are a symbol of rootedness, and this forces us to make an effort to make the party more active and more professional.

Q: What are the basic aims of your conduct at the forefront of the party?

A: There are four goals to achieve: first, a greater responsibility with clearly demarcated areas in which each one may acknowledge responsibility for his actions; this means more dedication; our members are the most enthusiastic but must show it in a more orderly way, that is linked to the professionalization of the party; it is not possible to compete in an electoral race with an amateur spirit, which does not allow us to be effective. This, at the same time, is linked to the need to better shape our member, who is our "propagandist." I believe that in the first three aims much progress has been made and that if we will have finished the restructuring and we will be ready, after the first of September, for the great electoral incursion.

Q: Electoral climate

A: Because of this you have been accused by the socialists of creating a permanent electoral climate.

A: We have not created any climate. I understand that they would like it if only they were prepared, but it needs to be recalled that the socialists began the Catalan Electoral Campaign the day after 28 October and they will do it again the day after 8 May. It is natural, moreover, for them to be concerned,

for they know the elections are not theirs and that they will have to accumulate the deficits of the Madrid government: Sagunt, the telephone listenings, the 800,000 work places. This is why they prefer to carry the debate to the theoretical and crude plane.

Q: You said theoretical and crude plane. What do you mean by that?

A: On the theoretical plane they speak of open Catalanism and closed Catalanism. I know of only one Catalanism because political Catalanism has always been open and this has been the Catalanism of CDC. The problem is knowing what Catalanism is and what it is not. Because Catalanism is voting the law of reductions and later letting it be impugned without saying anything? Is Catalanism the third television channel, allowing Madrid to impose a restrictive law on us? Is Catalanism letting us criticize the evaluations of the services? Leaving aside the travels of the president, I would like to know how many lectures the socialists have given in the rest of Spain on Catalonia to compare with those I have given, without anyone to accompany me, just in my position as a nationalist. Either this is Catalanism or it isn't. Enough said.

Q: Let us speak now of what you qualify as crude.

A: I would speak of the style of some attacks on President Pujol and other leaders of the CDC. It's the skillful game the socialists always play of innuendo, insinuation, in short, it is to hide some impotence, winning some politicians with the most lavish demagoguery (I wish to recall that they have used it on other occasions and we know how to counterattack). Now they are talking again of the "fora xarnegos." I am convinced that the people to whom this phrase is addressed already associate it with electoral events.

Ethical Style

Q: This is related to what a noted Madrid columnist said a short while back about the possible opening of the Catalan Bank affair.

A: The Catalan Bank will surely be spoken of again, but the Catalan public already knows that it has always been spoken of. The socialists will surely speak of the monopoly on ethics. But, how can they speak of that when Mr Reventos, to come to his party's convention, has to ask permission each time? What he has to do is stop. Mr Obiols spoke of ethics while referring to the convergent mayoralties of La Jonquera and Camaries; well then, we have won by absolute majority. How can they speak of ethics when Merce Sala says that the municipal government has not paid the shares of the Social Security of the metros and buses because all the money comes from the state? Nobody thinks of acting by virtue of the duties of office, i.e., ex officio, and I want to underline the word ex officio, to learn what has been done with this money. Don't the union centrals intend to ask the question?

Attacks of the PSCiAP

Q: Certainly in most recent days there have been heavy attacks against convergence by the socialists and also by the Popular Alliance.

A: I don't understand the attacks of Mayor Maragall. From an institutional point of view he cannot forget the president of the Generalitat, as I cannot forget that, as a citizen of Barcelona, he has the respect due my mayor. It must be to dissimulate the nervousness for the lack of money which he knows has to come from Madrid and it is not forthcoming. I wish to thank Mr Obiols for missing the CDC of 1977. I suppose that 88 will miss the CDC we have now. It also misses the Tarradellas government; one always misses what one does not have. I, too, miss the socialists who defended the statute and then later began to grow away from it. Finally, it bothers me that the new secretary of the UGT is worried basically about overthrowing President Pujol. Thanks.. But with 300,000 in stoppage in Catalonia, I believe this will be the aim of an independent union central. That gentlemen has shown us what we already know; they have defined themselves as the union central of a party.

Q: Let us speak now of the attacks of Mr Verstrynge.

A: This is not an attack. This is a lie. People have an impressive credulity. AP had a big setback after the municipal elections and we grew very far apart. A high percentage of votes was lost in relation to the 28 October. Moreover, I am worried if they will or won't be second--this means that now they are giving up winning the elections--because we will be first. The PSOE-AP agreement was made to attack us and this is instructive and illuminating.

The State of the Autonomies

Q: For some time there has been talk again of the reordering of the statute of the autonomies. It is even said that the socialists wish to win the Generalitat through which Catalonia continues to be at the forefront of the orderly process of the new statute.

A: Once having accepted the risk of homogeneity one must run the risk that Catalonia will ask for a very high level of autonomy. This is why they want power in Catalonia, so that if the Catalan government asks for a big share, homogeneity will turn against them. For the PSOE it is very important to win Catalonia, for Catalonia it is very important for the PSOE not to win, for this would mean a progressive transformation of autonomy into a mere decentralization, but still with a low ceiling. The cooperative federalism of Felipe Gonzalez answers the theories of Garcia de Enterría. We will soon see what the PSC does in the face of all this. I wish to recall that when Centrists voted a law in the Parliament and Madrid impugned it, the socialists yelled bloody murder. Now they keep quiet and manufacture theoretical debate. I wonder will the socialists be so courageous to tell the rest of Spain that it now needs the solidarity of all to get out of the industrial crisis? This is the authentic debate.

Q: To finish, let us speak a bit of the Reformist Party. How did the last meeting in Madrid go?

A: The meeting went well because the promoter met representatives of 25 provinces and the PDL from Garrigues recalled sending a permanent representative

to the promoter, something which means the closest link of both forces. CDC desires this party, since it does not have any valid speaker at the present time. And I understand that this may make the socialists nervous and that they may accuse us of being Rightist, because they know they have some votes in a precarious position and that a progressive party could take them.

12448

CSO: 3548/468

BRIEFS

MATRA EXPANDS SIGNES PLANT--The Matra group (military division) is going to proceed with an extension of its Signes facilities with the construction of a new plant for the cleaning-pickling of metal parts used in mechanical and pyrotechnical assemblies, put together in its factory. [Text] [Paris L'USINE NOUVELLE in French 16 Jun 83 p 51] 12415

AERONAUTIC SUBCONTRACTORS LOSE BUSINESS--Two factories working for the aeronautical industry have been occupied by their personnel, at Potez Aviation in Aire-sur-l'Adour (Landes) since Monday and at Micro-Mecanique in Gurmencon (Pyr-Atl) for the past week, in a protest against reductions in work schedules and lay-offs. In other aeronautical sub-contracting companies in the southwest of France the situation is not much better. The Chamber of Metallurgical Industries of Atlantic-Pyrenees and Bordering Regions has stated since May that "the small and medium-sized companies subcontracting to the aeronautical sector are in danger, if not to say fighting for survival." In effect, airplane builders have maintained their capacity workload by manufacturing what had heretofore been subcontracted. The principal employers of the area are Turbomeca (4,203 employees) with plants in Tarnos (Landes) and Bordes (Pyr-Atl), Dassault-Breguet (1,909 wage earners) in Bayonne, Messier-Hispano-Bugatti (945 employees) in Bidos and Arudy (Pyr-Atl). Around them are clustered the small and medium sized companies embracing 2,600 people half of whom work for the aeronautical industry. [Text] [Paris LES ECHOS in French 16 Jun 83 p 10]

CSO: 3519/551

TRAINED F-16 PILOTS LEAVING AIR FORCE IN GREAT NUMBERS

Oslo VERDENS GANG in Norwegian 23 Jul 83 p 3

[Article by Svein A. Rohne]

[Text] So many experienced air force fighter pilots are resigning that our state of preparedness and, thus, the security of Norway are being threatened.

The most recent group of fighter pilots to join the civilian aviation industry consists of six F-16 pilots and two F-5 pilots. All of them will begin working with Braathen on 1 November.

These are extremely experienced pilots who hold the rank of wing commander or second in command. It will take years and considerable sums of money for training to replace these pilots.

Flight

In the meantime, the flight from the ranks of fighter pilots continues. Tor Martin Morstad of Braathen told VERDENS GANG that the company probably would turn to the market once again early next year to recruit new pilots for next spring.

"The air force is our primary recruiting ground. We will continue to recruit air force pilots. Of course, we are interested in the best pilots and we are pleased that our most recent recruits have 6 to 10 years experience behind them," Morstad said.

Col Tor Eng of the Defense Ministry said he had just received the names of the fighter pilots who resigned and, for this reason, it was too early to make any statement concerning the preparedness and security aspects.

"But I can say that the situation is serious and the most recent jobs offered by the civilian industry have made things even worse."

"Is it true that the losses this fall will decimate the operative status of the F-16, to the extent that personnel will be available only for training and instructing, if even that?"

Will Be Reviewed

"We must now review these questions. We will be happy to discuss them once we have determined the consequences," Colonel Eng answered.

Neither the inspector general of the air force, Lt Gen Magne Tobias Sorensen, nor Undersecretary Odmund Hammerstad of the Defense Ministry was available for comment yesterday.

But high-ranking officers in the air force, with whom VERDENS GANG spoke, said that it was no exaggeration to call the situation critical.

"Actually, we have already passed the critical mark. With the resignations this fall, we will reach rock bottom. Fighter preparedness in southern Norway is an illusion and the trend is similar in the north," one officer said.

Lacking 40 Pilots

The lack of Norwegian fighter pilots is becoming catastrophic. Today the Norwegian air force lacks about 40 pilots for its F-16 and F-5 planes.

This is frightening--especially since the number of fighter pilots today is just over 70.

In Bodo alone, over one fifth of the F-16 pilots will resign this fall, when five of them will begin working for Braathen. This will be especially painful since there are only 23 or 24 pilots for the 40 F-16's at the Bodo Air Base.

War Machines

The F-16's are Norway's most expensive war machines. They play a key role in the defense of our country. For this reason, many within the air force are bitter because the politicians refuse to improve conditions for fighter pilots sufficiently.

"After all, each F-16 costs over 100 million kroner today. It is strange that they are willing to purchase these planes, but then are unwilling to keep the most highly qualified personnel," they say.

The main complaints involve wages, the difficulty in obtaining loans, and the system used to station pilots.

As an example, VERDENS GANG learned that an F-16 pilot who has not attended the military academy earns about 100 to 110 thousand kroner per year. With 3 years of training at the air force military academy the figure increases to 130 to 140 thousand kroner.

BAZAN SHIPYARDS DESIGNING ULTRAMODERN FRIGATES

Madrid EL ALCAZAR in Spanish 17 Jul 83 p 11

[Article by Alfredo Florensa]

[Text] Its lack of technology and economic resources had not allowed Spain to have so far large, totally home-built warships. Now, after years of accumulating experience, the Bazan shipyards have succeeded in designing two frigates which imply for technicians attractive employment prospects and also a magnificent option for our navy, the principal promoter of development in Spanish shipyards.

Frigates are today one of the most popular ships in navies since with their size, ranging between 1,500 and 5,000 tons, they represent systems of extensive ocean protection, without being excessively large or heavy, to implement their development. Thus, nearly all Western countries with any power--among which Spain must always hope to be included--have planned one or several models.

Following a "step by step" policy, the construction of various ships in Spanish shipyards has made it possible to accumulate skills: The large technical network involved at the close of the 1960's the building of the "Balears"-class frigates (4,200 tons) modeled on the U.S. frigate "Knox" with complex technology. Bazan was even more demanding than the United States itself in the specifications of equipment.

These frigates made possible the final development of the most popular Spanish warship of the "Descubierta" class, planned as a formidable machine despite its simplicity. Consider, however, that unfortunately, when what is involved is an entirely Spanish ship, we are not referring to all its installations which still depend on the sophisticated electronic and missile systems of other countries. An attempt is being made to offset this with a significant effort by various firms in the defense sector. But at least the design, the general plan of the ship, is already entirely Spanish.

The "559" Frigate, With Its Latest Improvements Stemming From the Falklands War

Together with the development of the "Descubierta," the experience that is being acquired with the building of the complex American "FFG" class ships (3,600 tons), considered as one of the most modern frigates in the world and of which

Bazan is building three at its El Ferrol yards, has enabled the Spanish projects to reach their peak right now.

Specifically, it was even believed that the most ambitious Spanish frigate project, initially known as the "444" and today as the "559" and developed by the El Ferrol shipyards, could replace the FFG's even though at the end the latter were chosen since the Spanish frigate still needed 2 more years for its complete development. Presented to the Spanish Navy in 1978, the latter proved to be highly interested because this was a high-quality vessel and especially it involved Spain's ability to build its own ship.

Unofficially, it is thought that this frigate will be included in Spain's naval program as a ship to protect sea traffic following its proximate presentation, totally planned already, at the navy's general headquarters. The project has been updated thanks to British data collected following the war in the Falkland Islands in terms of fire-resistant materials or increased speed. It is hoped that classified NATO information to which Spain can have access will improve the prototype even further.

The "559" frigate is a craft weighing 3,500 tons, is 125 meters long, 13.5 meters wide at the beam, is built of steel, and driven by two Bazan-MTU-20 engines that can generate a speed of over 30 knots. At 20 knots an hour the ship has a range of 4,000 miles.

Complex equipment would give the ship extensive capabilities in electronic warfare. The ship carries navigational radar, surface radar, antiaircraft radar, firing guidance equipment, countermeasure equipment, and a TACTAS submarine detection system.

With a complement of 219 officers and men the "559" carries a complete range of weaponry consisting of an OTO-Melara 127/54 cannon, a Meroka system--the magnificent multibarrel gun made in Spain for low-level antimissile and anti-aircraft defense, considered exceptionally effective and inexpensive--Albatross antiaircraft missile-launchers, Harpoon antiship missile-launchers, antisubmarine missile-launchers, and chaff launchers (these are small metal particles which "decoy" a missile attacking a vessel and divert it). The frigate would also carry two helicopters, the British Lynx being considered since it is more economical than other options.

Possible Sales

Perhaps a good initial opportunity for this frigate would be the interest evidenced by Portugal which, as a NATO member-state, needs more powerful and modern ships. Right now Portugal has corvettes built by Bazan in the 1960's, principally intended for Lisbon's needs in Angola and Mozambique but which no longer meet the requirements of the Portuguese Navy (unquestionably, these craft were the prototype of the "Descubierta"-class corvette).

Portugal now wishes to sell these vessels and Bazan could be involved in this operation by assuming responsibility for finding a buyer and by renovating the ships at Cartagena (thereby creating work for our shipyards).

As for the three new frigates, each member of NATO would donate to Portugal some component of a ship, such as the Dutch radar equipment for firing guidance or the British Lynx helicopter. The construction of the Spanish frigate incorporating these systems would represent a worthy launching of the new vessel that could ultimately include those systems that Spain does not produce.

The sale of the old corvettes would be accompanied by the "entry" of the new units, encouraged by Spain's sister-nation, considering that Spanish-Portuguese naval relations are excellent. Since even wider cooperation is of great interest to the two sides, it is believed that the Portuguese Alfeite shipyards could have a new lease on life with the construction there shortly of Spanish coastguard boats of the Halcyon class.

"Sagitario" Frigate, Another Gimmick

The prospects, then, are good, especially if it is recalled that next week a Spanish technical delegation will visit the Philippines, a country which may have an interest in another project--the 2,500-ton frigate "Sagitario," smaller than the "559" class but also an efficient craft totally designed by Bazan in Spain. The three units of potential interest to the Philippines may be increased in number since Indonesia also wishes to examine this corvette.

The "Sagitario," designated as project 552-D, was designed in its final form by Bazan a few short days ago, involving an addition of 400 tons.

Like the 552-A, the model was presented to the Spanish Navy in 1980 and the latter expressed great satisfaction even to the point that there was talk of the possibility of this ship becoming the replacement of the two "Descubierta"--type corvettes sold to Egypt.

The 552-A became known as the stretched version of the "Descubierta" given that it followed the natural evolution of the stupendous Spanish corvette in its 2,100-ton model.

The "Sagitario" has the extensive antiaircraft and antisubmarine capability of the "Descubierta"-type corvettes with weaponry similar to the "559" frigate even though it is naturally smaller. Its crew would total 165 officers and men and its speed would exceed 28 knots an hour even though the new "D" class seems to have even greater speed. It would carry a single helicopter.

Overall, these are two good naval projects involving significant expansion.

2662

CSO: 3548/471

ARMS INDUSTRY INCREASES EXPORTS, AWAITS LARGE ORDER BY INDIA

Stockholm 7 DAGAR in Swedish 15 Jul 83 p 35

[Article by Eva Hamilton and Kage Carlsson]

[Text] In December 1982, the Swedish Government approved the sale to Burma of 14 billion kronor worth of weapons. The purchase consisted of recoilless anti-tank guns of the Carl Gustaf model with ammunition.

Journalists now report that the Burmese Army is using those weapons against resistance movements within the country.

Ever since it achieved its independence from Great Britain in 1948, Burma has been engaged in varying degrees of civil war.

The country lies wedged between India, China, and Thailand. Only one political party is allowed by the central government in Rangoon. Theoretically, the country is closed to tourists, but a few specially approved sites can be visited.

The rebels are divided into about 10 groups. Some sympathize with the Soviet Union, others with China. There is also a neutral faction.

When the government made its decision on the sale of guns to Burma in December, it was supposed to be following clear rules on the treatment of arms exports.

The basic rule is that the purchasing country must not be at war or likely to soon become involved in a war. Another rule is that if a country can be expected to use the weapons in violation of UN conventions on human rights, it will not be allowed to purchase them.

The rule on war--in this case, civil war--and the one on human rights both make Burma a touchy case.

The Swedish Government nevertheless gave its approval.

Minister of Trade Mats Hellstrom is on vacation, and Anita Gradin, who is ordinarily minister of immigration, has been substituting for him. She says in a note that when the decision was made, things were quiet in Burma and seemed likely to stay that way.

Tough Market

There is great interest in Swedish weapons on the world market, but strict export regulations limit the possibilities available to Bofors, the National Industries Corporation [FFV], and about 60 other manufacturers for really penetrating that tough market.

At the moment, for example, a giant order from India worth about 5 billion kronor is being considered. And this at a time when the Swedish Government is under pressure from pacifists in its own ranks to revise the regulations to make them tighter.

The answer as to whether India will be able to purchase the 155mm howitzer 77 manufactured by Bofors--Sweden's largest arms manufacturer by far--will be given toward the end of summer.

Since Bofors is suffering from underemployment, it is hoping very much to get the order from India, where its competitor is said to be France.

Other deals that have been under consideration recently are the following:

1. Finland is interested in buying from 10 to 15 Draken aircraft to round out the 20 that the Finnish Armed Forces already have. It also wants to buy from 400 to 500 tracked vehicles from Hagglunds in Ornskoldsvik, antiaircraft weapons from Bofors, and fire control simulators from Saab-Scania in Jonkoping. The RB-70 missile may also come under consideration.
2. India wants to buy the RB-70 missile.
3. Pakistan has already ordered RB-70's worth between 300 and 400 million kronor.
4. The United States is interested in Swedish antitank grenade launchers from the FFV's shops in Karlstad. Production in the United States under license is a possibility for the future.

Two-Thirds to Europe

In recent years, Sweden's arms exports have totaled between 1.5 and 2 billion kronor, or about 1.5 percent of its total exports. If, as one example, the Indian order becomes a reality, the value of our arms exports could double.

On the international market, Sweden is a relatively small exporter. According to statistics from SIPRI [Stockholm International Peace Research Institute], we are in 14th place. But those figures do not include sales of small arms, and if the latter were included, it is possible that Sweden would move up a notch or two.

Almost two-thirds of Swedish weapons go to other European countries. The remaining one-third is purchased mainly by four Asian countries: Malaysia, India, Indonesia, and Singapore. And now Burma as well.

But even though Swedish arms sales are modest by international standards, they have increased sharply in recent years. In 1976, when the Palme government was voted out of office, arms sales accounted for just under 0.6 percent of our total exports, but toward the end of the nonsocialist period in power, they had risen to nearly 1.6 percent.

With their ties to the peace movement, the Social Democrats quickly jumped forward to accuse the nonsocialist government of relaxing the rules.

So now the Social Democratic government is under pressure from the same forces to clamp down on export permits.

The fact is that despite the restrictions, Swedish weapons are often found in places in the world where the government would not dream of selling them.

When arms exports are criticized, the frequent response is to plead professional secrecy as an excuse. Individual members of Parliament have no access to information about the Swedish arms trade. Only the Foreign Affairs Committee and the Constitutional Committee are allowed to look into such things, and their members cannot say anything to anyone not directly concerned.

But a task force in the Ministry of Foreign Affairs recently began outlining a bill that would allow the public and Parliament to know more about these things.

One effect of that greater publicity might be to make Sweden less attractive as a seller of arms.

11798

CSO: 3650/246

OFFICER URGES QUICKER RESORT TO FORCE TO DEFEND NEUTRALITY

Stockholm SVENSKA DAGBLADET in Swedish 8 Jul 83 p 3

[Op-Ed article by Lt Col Bo Hugemark]

[Text] Kjell Goldmann wants the Soviet Union to be made aware that it has touched on something that it shouldn't have--that it is running the risk of disturbing Sweden's policy of nonalignment. And things have certainly happened to bring about the inconceivable: Sweden's security policy is suddenly starting to be questioned--something that was once synonymous with treason.

The debate ought to be welcomed, even by those who believe in our chosen policy of nonalignment, because a security doctrine that has become sacrosanct dogma lacks vitality and strength. Open debate on the conditions and scope of neutrality should reduce the danger that foreign powers will misconstrue its meaning and that we ourselves will be at a loss in serious crises. And it might even reduce the temptation to use neutrality as a weapon against domestic political opponents.

More and more people are dazedly asking themselves whether we will be able to stay neutral in case of war. If not (and there is room for doubt, considering recent events), is there any sense in our remaining nonaligned? Should we not instead ensure ourselves of help in case of war, since it is most likely that we would be drawn into such a war in any case?

Meaning Misunderstood

In some cases, reactions like the above are based on a number of misunderstandings concerning the meaning and conditions of our current policy. So to begin with, two obvious facts need to be pointed out:

1) Neutrality means staying out of a war in our vicinity. If we are at war, we are by definition not neutral. "Nonalignment in peacetime aiming at neutrality in wartime" says nothing at all about how we will behave if we get into a war. For example, there is no commitment to remain nonaligned if we are attacked.

2) "Aiming [in boldface] at neutrality" says that there is no such thing as guaranteed security and never has been. That is certainly a truism, but there

has been so much emphasis on our ability to stay out of war that many people have been lulled into an exaggerated sense of security.

The issue may be whether our chance of staying out of war has been reduced. Such assertions [that Sweden should join an alliance] are often based on that argument.

Some Reservations

The Soviet Union seems to attach the greatest importance to Swedish territory, considering that despite the high political costs involved, it has now violated our territory. On that basis, it has been suggested that in case of war, it will attack Sweden. Here I will take up a few ideas on Soviet motives for attacking Sweden and the restraining factors (or the benefits and costs, to use planning terminology) and discuss whether those factors have changed in a negative direction from our standpoint.

To begin with, it is unfortunately quite necessary to line up a number of reservations as a warning against being too cocksure in one's conclusions.

First, we do not know what the actual starting position for our current security policy was. In other words, was it ever really probable at all that we would be able to stay out of a war?

Second, it may just be, as Kristian Gerner and others have suggested, that there has been no major change in Soviet activity, but simply a change in our powers of observation (both literally and figuratively).

Third, we do not know what the Soviet submarines have been doing in our waters or what connection that has with a war situation.

Fourth, we do not know how much importance the Soviet leaders have assigned to the political costs (it has been shown in the past that such costs have been of relatively short duration).

Fifth, there is no logical connection between the willingness to incur political costs in peacetime and the willingness to accept high military costs in wartime.

Soviet Union's Achilles' Heel

A few of the reasons the Soviets might have for attacking Sweden are these:

1. If the Soviet Union wants in some tangible way to improve its chances for interfering with the West's communications across the Atlantic either before or during a war in Europe, it is probably necessary for it to knock out and then occupy for its own use all the NATO airbases in Scandinavia. The purpose would be to hinder NATO's antisubmarine warfare in the GIUK (Greenland-Iceland-Great Britain) gap and clear the way for free passage by Backfire bombers out over the North Atlantic. That would probably involve extensive military operations against Sweden.

This is not a new situation. Airbases have always been the Achilles' heel of Soviet naval strategy. But it may be that greater importance is now being attached to that naval strategy in keeping with the growth of the Soviet fleet.

Less Need

2. To protect its submarine-based strategic weapons, the Soviet Union may also be thinking of attacking and occupying NATO airbases in Scandinavia, but on a smaller scale than for the purpose mentioned above. There is a possibility of avoiding Swedish territory, although there is a high probability of substantial violations of that territory.

If there has been any change, it has most probably been in the direction of a reduced need to move Soviet positions forward, considering that more and more submarines can fire their missiles from the Barents Sea and do not need to exit through the GIUK gap.

3. The development of air forces and antiaircraft defenses in the Warsaw Pact countries has increased NATO's need to use Scandinavian bases and Scandinavian airspace so that it can carry on the fight more easily and also circumvent the Warsaw Pact's air defenses to carry out in-depth aerial attacks on bases, reserves, communications, and so on.

That in turn means that the Warsaw Pact probably feels the need to be able to engage in air battles over Swedish and other territory, attack NATO bases in Norway, for example, and perhaps move its own radar stations, air force units, and so on into Scandinavia.

Added to that is the Baltic Sea's role as Central Europe's sea flank. In that connection, both sides may view Sweden's archipelago areas as valuable bases for their naval forces. But the importance of the archipelagos is probably no greater than it ever was.

Protection for Soviet Union

4. Similarly, Scandinavia may be attractive to NATO as a means of facilitating control of such strategically important areas in the Soviet Union as the Kola Peninsula, Leningrad, and the Baltic States. And in the same way, the Soviet Union may want to forestall such a move by deploying its air defenses a great distance forward.

The importance of Swedish territory in that respect has probably always been great. Threats from U.S. land-based and shipborne bombers and strike aircraft with conventional or nuclear weapons have always been regarded as serious by the Soviet Union. Those fears may have increased now that the procurement of cruise missiles has begun.

Of those four possible strategic goals, it is primarily the first which might make it necessary to attack Sweden for the aggressor's own "offensive" purposes. As far as the second is concerned, Swedish territory is not absolutely essential.

In the third and fourth scenarios, a neutral Sweden with strong air defenses would constitute protection for the Soviet Union.

It is not possible to point in an especially convincing manner at anything that would have reduced Soviet confidence in our will and ability to act as that shield, although certain commentators have done their best to depict the cruise missiles as a completely new threat that we would not have a chance of stopping.

Uncertain Improvement

To sum up, we have a picture of certain possible increases on the "benefit" side, meaning that the Soviet Union's incentives for attacking Sweden may have increased somewhat, but probably not radically. As far as the "cost" side is concerned, our defense capability is still considerable despite a downward trend and despite a more than disturbing future.

Dispelling Misconceptions

Here we must also take a look at other deterrent factors that are often forgotten. They have to do with the fact that by attacking Sweden, the Soviet Union would be running the risk of depriving itself of the "neutral shield," and in exchange for an uncertain improvement in its own positions in one respect, it might find that it has laid itself open in another respect.

Those restraining factors would be seriously undermined, however, if the Soviet Union were to:

1. Decide that when it really comes down to cases, we would not dare use our military forces, but could be induced to make concessions as a result of various extortion threats. How that calculation is affected by, for example, our behavior during the submarine incident or by our long-term defense policy is a question which is certainly worth discussing, but one which we can only suggest here in passing.
2. Decide that for as long as possible--and then some--we will avoid painful reassessments of our security policy and define even downright acts of war (large overflights by airborne troops or the occupation of limited areas) as serious violations of our territory but consider that we are still not at war but neutral. It would be disastrous if an aggressor thought he could use Swedish territory for his purposes while counting on us to withhold corresponding privileges from his main opponent.

An open security policy debate ought to be able to dispel the danger of such misconceptions.

Norway the Ultimate Goal

One conclusion that might be drawn from the above reasoning is that in order for an aggressor to achieve his intended purposes quickly enough and deprive his main opponent of the possibility of adopting countermeasures, he must

invade Sweden unexpectedly and with intense force throughout the territory all at once and preferably in such a way that resistance will collapse quickly.

If we were sure that those were the Soviet Union's plans for Sweden in the event of war--and its only plans--the argument in favor of joining NATO would certainly be a strong one. But as has been said, the uncertainty is extraordinarily great. And countries do not change their security policies on the basis of theoretical constructions. They wait until the prevailing "theory" has proven in practice to be untenable (the Finnish Winter War, 9 April). "If it works, stick with it" is the predominant principle in security policy.

Fire for Effect Is Better

Another argument against change is that considering our geographical location and the West's possibilities for helping us, there might not be much difference as far as our ability to resist is concerned. The difference between joining an alliance and being nonaligned in peacetime is that in the first case, help is ready (but by no means automatically guaranteed).

Regardless of whether we belong to an alliance or not, the Soviet Union must keep in mind that NATO has strong reasons to nip in the bud any Soviet attack on Sweden when the ultimate goal is Norway. And the conceivable means of intervention (chiefly the air force) are not very dependent on peacetime preparations.

But the decisive argument against changes in our doctrine concerns the possible consequences in peacetime. Here we are referring to the resulting effects on security policy in our neighboring countries or on the "Nordic balance."

So even though I share Kjell Goldmann's view that even a superpower needs to be impressed with a certain fear of what a small state might do when provoked, I do not believe that security policy means are relevant when it comes to putting a stop to submarine intrusions in peacetime. Fire for effect with mines, depth charges, and torpedoes is probably more appropriate.

11798

CSO: 3650/246

MORE DETAILS REPORTED ON SUB-COMMISSION EVIDENCE, SOURCES

Stockholm SVENSKA DAGBLADET in Swedish 15 Jul 83 p 6

[Article by Roger Magnergard]

[Text] Under favorable conditions and with the help of radio intelligence, the Swedish Armed Forces are able to pinpoint exactly which submarine is violating our territory. Last fall was one occasion when that happened.

In most cases, the Armed Forces have known not only the class and home port of the submarine eluding the Swedish Armed Forces but also its name and identification number.

The Defense Radio Institute (FRA) possesses an extensive file of recorded radar signals from both foreign and Swedish submarines.

Every radar station has its own characteristic pattern--somewhat like a human fingerprint. The Armed Forces have recorded those signals from foreign submarines in international waters, doing so both when the subs were submerged and when they were on the surface.

As those recordings were being made, defense personnel were simultaneously observing and identifying the submarines whose sounds were being recorded.

File

Since then, whenever the underwater radar echo from a pursued submarine has been picked up by one of the FRA's hundreds of receiving stations, it has been simply a matter of comparing it with the file.

Roger Johanson, information secretary at the Defense Staff, says: "The source of radar and radio transmissions is also located. In that way, we can determine the position of the transmitting submarine."

One link in identification is that we know which radar stations a majority of the Warsaw Pact's submarines use at sea and on land. Many of those stations are located along the Soviet Union's west coast.

By identifying the "home" radar station, the Armed Forces get a hint as to what class of vessel the submarine is and which nation it belongs to.

Several people, both civilian and military, have seen intruding submarines with their own eyes.

"But not all reports are accepted. Not until we are absolutely convinced that the witness was not seeing an optical illusion do we accept his or her observation."

The total number of visual sightings during the period from June to November 1982 was 16. Eleven of them coincided with the incident in Hars Bay.

On those occasions, all the witnesses were required to sketch what they had seen. The Armed Forces were able to determine that all 16 witnesses had seen submarines from the Warsaw Pact. It was determined that two of the subs were of the Whiskey class--the same type that went aground in the Blekinge archipelago.

What gave the Whiskey class submarines away was their backward-sloping fixed snorkel, which is found only on submarines of that class.

Using hydrophones, the Armed Forces were able to listen to foreign submarines in Swedish waters on two occasions. The first time was in August last year. The second time was during the search in Hars Bay--in the Danziger Narrows.

On both occasions, it was possible to determine that the violations were the work of Warsaw Pact submarines because the Armed Forces heard two propellers--and only the Eastern bloc uses submarines with double propellers.

Search Made Easier

"If we know exactly what type of submarine we are hunting, it makes the search considerably easier."

So says Capt Emil Svensson, one of the foremost and best of Sweden's submarine chasers.

"If it is a Whiskey class submarine hiding in the water, we are able, on the basis of previous experience and official information, to calculate how it can maneuver and how long it can stay submerged before it must surface for oxygen or to charge its batteries."

Emil Svensson's patrol boats led the search at sea off Sundsvall. But he refuses to say whether he knew at the time which adversary was eluding the Swedish Armed Forces.

"I cannot say. If I did, I would be touching on classified secrets."

The captain confirms, however, that it is possible to determine the identity of individual submarines with the help of radar signals.

"But it is not always as simple as one might think. Submarines and land- and sea-based radar stations can change their radar parameters--that is, frequency and so on.

"When they do, the files with signals recorded previously become worthless as far as determining their exact identity is concerned."

But it is still possible to determine which nation the submarine came from by locating the radar and radio station in its home country.

11798

CSO: 3650/246

BRIEFS

CONSCIENTIOUS OBJECTORS' NUMBER STABLE--The number of conscientious objectors now numbers about 3,000 per year. Following an increase after the new Conscientious Objectors Law was passed in 1978, the number of applications has now stabilized at around 4,000. The Conscientious Objectors Committee calculated in 1977 that there would be just over 4,000 applications per year, and its calculation has turned out to be correct. During 1978, 3,128 conscripts requested conscientious objector status. The number rose to 3,455 in 1979 and to 3,836 in 1980. The level of 4,000 was first passed in 1981, when 4,138 made application, compared to 4,146 in 1982. The Conscientious Objectors Board approved 80 percent of the applications in 1982, while the number of applications rejected rose from 16 to 20 percent. In 1982, 3,000 conscripts served as conscientious objectors. The total number refusing to serve has dropped in half since 1978, and in 1982, 389 conscripts refused during training. The number of desertions during training remains constant at around 1,000. One out of three applications for conscientious objector status pleads religious reasons as the motive, compared to almost one out of two in the early 1970's. Of those, about 95 percent were approved in 1982, while 70 percent of the applications based on other reasons were approved. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 8 Jul 83 p 7] 11798

ARMS PRODUCTION INCREASES--The value of the arms and war equipment production has increased by 600 million kronor in 2 years. Last year eight new companies received permission to produce arms and war equipment, and altogether goods worth 4.5 billion kronor were produced. This is indicated in a report by Military Equipment Inspector Karl Algernon. Today, there are roughly 25 companies that export arms and war equipment. [Text] [Stockholm DAGENS NYHETER in Swedish 20 Jul 83 p 12] 9843

CSO: 3650/252

SOCIALIST NEWSPAPER COMMENTS ON DISPUTE WITH SWEDEN

Copenhagen AKTUELT in Danish 28 Jul 83 p 7

[Editorial: "Border Conflict"]

[Text] The little Kattegat island Hessel with its two inhabitants is attracting "international interest" these days, because A. P. Moller has received Danish Government permission to start a first drilling for oil and gas in Danish inland waters in the area. Swedish objections to Danish oil activity are now a little late in coming. Sweden has not so far been especially eager to have the boundaries determined between the ocean territory of the two Nordic countries in negotiations which have taken place for the past 5 years.

There is obviously no doubt that Hessel Island is Danish territory, and that the island, like the rest of the Danish community, will be a part of dividing up according to the midline principle.

It seems a little laughable that from the official Swedish side it is put in doubt as to whether the island is with us or not, because it only has two inhabitants and otherwise could be used as a vacation place by the Danish activity that owns the Kattegat island, and has reserved it for birds and seals.

The couple's silver wedding anniversary in the idyllic surroundings, which was made possible by transport of supplies by air, was as Danish as it could be, and perhaps sufficiently so to convince the Swedes that Hessel Island is a model of economic and social life, and a Danish activity which cannot be ignored, because it perhaps has prospects of profits with the eventual discovery of oil or gas.

9287

CSO: 3613/168

END

END OF

FICHE

DATE FILMED

August 30, 1983